NABISCO BRANDS INC

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Nabisco Brands, Inc., is a worldwide producer and marketer of brand-name packaged foods. As one of the largest food companies in the United States, we have leading market positions in cookies, crackers, nuts and snacks, confectionery, desserts, margarines, hot cereals, pet snacks and consumer yeast.

Nabisco Brands Ltd is the largest processed food company in Canada. In the United Kingdom, we are a leader in biscuits and snacks.

Nabisco Brands also has production and distribution facilities in Latin America, Europe and the Asia/Pacific region and is a market leader in most countries in which we operate.

Nabisco Brands employs more than 69,000 people worldwide, has production facilities in 35 countries and markets products in more than 100 countries.

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Financial Highlights

(In millions, except per share data)	**1983**	1982	1981
Net sales	**$5,985.2**	$5,463.4[1]	$5,049.7[1]
Operating income	**628.1**	572.4[1]	516.3[1]
Net income	**322.6**	314.7[2]	266.3
Per share of common stock:			
Net income	**4.86**	4.83[2]	4.21
Dividends declared	**2.28**	2.05	1.77
Shareholders' equity	**26.91**	26.22	23.94
Working capital	**584.1**	888.0	761.9
Advertising and promotion	**728.8**	639.4[1]	502.3[1]
Capital expenditures	**240.9**	252.5[1]	202.7[1]
Total assets	**3,625.5**	3,924.3	3,527.7
Average common shares outstanding	**66.3**	65.0	63.1
Current ratio	**1.54:1**	1.83:1	1.73:1
Return on average common shareholders' equity	**19%**	19%	19%

(1)Excludes operations divested or leased in 1982.
(2)Includes a net, nonrecurring gain of $27.4 million, or $.42 per share, from operations divested.

Sources of 1983 Sales (Dollars in millions)		
U.S. Bakery Products	27%	$1,600.0
U.S. Confectionery Products	9	530.2
U.S. Grocery Products	26	1,525.4
International Bakery Products	13	797.3
International Confectionery Products	4	242.7
International Grocery Products	22	1,289.6
Total	**100%**	**$5,985.2**

Distribution of 1983 Sales (Dollars in millions)		
Cost of Materials	37%	$2,236.9
Cost of Services, Promotion and Misc.	28	1,722.7
Employee Costs	24	1,419.9
Taxes	5	283.1
Dividends	3	150.7
Reinvested Earnings	3	171.9
Total	**100%**	**$5,985.2**

Letter to Shareholders

Nabisco Brands is committed to continue its efforts to strengthen its leadership position in global markets.

The year 1983 was very successful for Nabisco Brands. Sales, net income, earnings per share and return on equity reached all-time highs. Our financial position continued to be very strong, with our long-term debt to capitalization ratio 22% at year end.

While achieving record results, we also developed and implemented business strategies that will exploit to their fullest our marketing, financial and management resources. In particular, we instituted aggressive marketing programs for many of our key product lines in the United States. Worldwide, our businesses continued in robust health. We are in a unique position to pursue a number of attractive opportunities in 1984.

The Company's Performance Net income rose to $322.6 million, or $4.86 per share, in 1983, up from $314.7 million, or $4.83 per share, a year earlier. Excluding the businesses divested in 1982, earnings per share from continuing operations in 1983 increased 15% over the prior year.

During 1983, we maintained our market leadership positions in key product lines around the world. Sales of $6 billion in 1983 were 2% above levels reported a year earlier despite the adverse effect of the strong U.S. dollar on international sales. The inclusion in 1983 of Huntley & Palmer Foods, a United Kingdom-based company acquired at year-end 1982, replaced revenues from businesses divested in 1982.

Dividends were increased 11% to an annual rate of $2.28 per share of common stock in early 1983. The Board of Directors again raised dividends in February, 1984, this time by 9% to an annual rate of $2.48 per share of common stock, reflecting its confidence in the future growth of Nabisco Brands.

Operational Highlights During 1983, we significantly enhanced our operations:

□ We developed highly aggressive programs to extend our leadership in the cookie business in the United States. Among these was the successful introduction in August of a completely new line of moist and chewy cookies, under the *Almost Home* brand name.

□ We introduced many new products around the world, broadening the foundation for our continuing growth. In the process, we ranked once again, as we did in 1982, among the top five U.S. packaged goods companies in new-product introductions.

□ *Minizza* Crackers, introduced in France in 1982, were expanded into other countries during the year. In addition, we introduced *Planters* Snacks in Italy and *Planters Lite* Peanuts, *Fleischmann's Light* Spread, *Bonkers!* Candies and *Toasted Wheat & Raisins* Cereal in the United States. We also enhanced our presence in the home-baking market in the United States with *Home Hearth* Yeast Bread Mix and *RapidRise*, a quick-leavening yeast under the *Fleischmann's* name. Similar successful introductions have been carried out in Canada.

□ At year-end 1982, we acquired Huntley & Palmer. It is the second largest biscuit company in the United Kingdom and has strong positions in other international markets as well. During the past year, we began a modernization program. Huntley & Palmer more than met our expectations in 1983 and showed marked improvement as the year progressed. We are also introducing other programs that we believe will substantially increase the profitability of this business in the years ahead.

Television advertising is an important means of marketing new products. Being filmed is a commercial for our *Almost Home* line of moist and chewy cookies, slated for national distribution in 1984.

□ With the awareness that research and development will play an increasingly important role in the future of Nabisco Brands and our industry, we began construction of a new Corporate Technology Center in East Hanover, New Jersey, which we expect to complete during 1985. Also, we have recently entered into an important technical joint venture with the Cetus Corporation to explore the impact of genetic engineering in key areas of our operations. During the year, we made a number of additions to plants and substantially improved our productivity.

Financial Strengths Nabisco Brands' very considerable financial strengths include a strong balance sheet and AA/Aa ratings for the Company's long-term debt securities.

During 1983, we purchased 7 million shares of our common stock on the open market. This action reflects our belief that, at the then prevailing prices and in view of our expectations for the future, these shares represented an attractive investment for both the Company and its shareholders.

Looking Ahead to 1984 and Beyond Nabisco Brands is committed to continuing its efforts to enhance its leadership position in global markets. We intend to utilize our considerable resources to fulfill the objective embodied in our theme, "Brand Strong Worldwide," through which we will build strength on strength.

Our United States, Canadian and International operations will be active in new-product introductions and very aggressive in their marketing efforts in 1984. In the United States, the *Almost Home* cookie line will be expanded into national distribution, and we will add a significant number of other new products as well.

All of these activities will require substantial expenditures for product development, advertising and marketing. The costs involved will have a limiting effect on 1984 earnings growth, but we believe these investments will have a very positive impact strategically and financially in 1985 and beyond. Our basic businesses are healthy and growing, and we expect to absorb these significant new-product expenses–and still increase our sales and profits–in 1984.

* * * *

In our opinion, 1983 was an important year for Nabisco Brands in terms of performance and direction. We believe we are making the right investments to ensure our success in an environment that, while growing continually more competitive and more challenging, offers the opportunity for ever-increasing rewards.

We thank our employees around the world for their essential contributions to our success, and we appreciate the continued support of our shareholders.

Robert M. Schaeberle
Chairman and Chief Executive Officer

F. Ross Johnson
President and Chief Operating Officer

February 8, 1984

Nabisco Brands' financial strengths include a strong balance sheet and AA/Aa ratings for the Company's long-term debt securities.

Nabisco Brands USA

(In millions)	**1983**	1982	1981	1980	1979
Sales	**$3,655.6**	$3,522.4	$3,087.8	$2,918.6	$2,679.9
Operating Income	**476.9**	440.3	385.2	320.0	307.7

During 1983, Nabisco Brands USA, the domestic sector of Nabisco Brands, Inc., reported sales of more than $3.6 billion, an increase of $133 million–or 4%–over 1982. Operating income climbed to $477 million from $440 million for a gain of 8%.

In registering these gains, we solidified our leadership positions in several major product classifications–cookies, crackers, confectionery, desserts, margarines, consumer yeast, hot cereals, nuts and snacks and pet snacks. We made commitments to future growth by introducing new products and expanding our activities in marketing and research and development.

Leadership in the baked goods industry will be enhanced through continued emphasis on new products and aggressive marketing programs.

A Marketing Strategy We continued a marketing strategy designed to strengthen the link in consumers' minds between the Company and its products. Toward this end, on January 1, 1983, we introduced in our commercials on the CBS and NBC telecasts of the Tournament of Roses Parade, a new three-note musical signature. We were exclusive network sponsors of the parade in 1983 and again in 1984.

Since the tune's introduction, U.S. consumers have received over 40 billion impressions of the signature. This signature, used in our U.S. television and radio commercials, has become one of the most widely recognized corporate themes. In a recent study, 85% of all consumers polled identified the tune as that of Nabisco Brands, an indication of a growing public awareness of the bond between Company and products.

Nabisco Dinah Shore The Nabisco Dinah Shore Invitational Golf Tournament continues to be an outstanding promotional event for the Company. In 1984, Nabisco Brands will be sponsoring this tournament, widely regarded as the most prestigious on the women's golf circuit, for the third time. Because it attracts the finest women golfers in the world, it generates worldwide publicity and interest. We expect to maintain our involvement in future years.

Happiness is having your own package of *Chips Ahoy!* Chocolate Chip Cookies.


RECLOSE TO RETAIN FRESHNESS
Chips
NABISCO
NET WT 13 OZ
Chips Ahoy!

PREMIUM
NABISCO
4 Keep Fresh
Reclosable Bags
PREMIUM
NET WT 16 OZ (1 LB)
Saltine Crackers
RITZ
NABISCO
RITZ
CRACKERS
STACK PACKS
NABISCO
OREO
NEW!
One Pounder
OREO
CHOCOLATE SANDWICH COOKIES
snack mate
CHEDDAR
PASTEURIZED PROCESS CHEESE SPREAD
NEW!
ALMOST HOME
FAMILY STYLE
Real Chocolate Chip Cookies
Moist & Chewy
ALMOST HOME
FAMILY STYLE
Real Chocolate Chip Cookies
NET WT 12 OZ

U.S. Bakery Products (In millions)	**1983**	1982	1981	1980	1979
Sales	**$1,600.0**	$1,520.0	$1,412.8	$1,266.5	$1,164.3
Operating Income	**230.9**	225.0	205.1	178.0	173.4

Spearheaded by the nation's five top-selling cookies, *Oreo, Chips Ahoy!, Fig Newtons, Nilla* Wafers and *Oreo Double Stuf,* and such leading crackers as *Ritz, Premium, Wheat Thins, Triscuit* and the *Nabisco* line of Grahams, U.S. Bakery Products registered a 5% gain in sales in 1983 and a 3% advance in earnings. These record results were achieved in an increasingly competitive market environment.

Market-Share Leadership Throughout the year, we did more than hold the line against other companies' brands. Many of our products actually gained in both total volume and market share such as *Mister Salty* Pretzels which climbed to the number one position in its field.

With the national spotlight on the chocolate chip category of cookies, consumers continue to prefer *Chips Ahoy!* Chocolate Chip Cookies. As a result, Nabisco Brands maintained market-share leadership in this category. To amplify this advantage, we increased the number of chips in each *Chips Ahoy!* Cookie by 50%. A new advertising campaign was launched early in 1984.

Moist and Chewy Cookies Introduced Perhaps the biggest news in U.S. Bakery Products during 1983 was the successful introduction of the *Almost Home* line of moist and chewy cookies. Developed as part of our ongoing endeavor to be a leader in all segments of the baked goods market, the *Almost Home* line consists of 15 varieties encompassing different types of chocolate chip, fruit-filled, creme sandwich, peanut butter, iced, granola and oatmeal cookies, as well as a brownie. All of the varieties are sold in packages bearing a graphic design with an old-fashioned motif.

In the *Almost Home* introductory markets, which covered approximately 11% of U.S. households, the cookies were enthusiastically accepted by consumers. There were significant incremental shelf space and volume gains in these markets. Plans call for national rollout of the line in 1984.

Other New Cookies Other new cookie varieties successfully introduced during the year were *Chips 'N More*, a unique marriage of chocolate chips

During 1983, U.S. Bakery Products capitalized on its well-known brands to register a record year in sales and earnings.

Consumer awareness of our brand name cookies and crackers enables Nabisco Brands to maintain market-share leadership.

and shortbread; *Nabisco* Apple Bars, a fruit-filled item with real apple chunks, test marketed in 1982; and oatmeal and peanut butter versions of *Country Creme* Sandwich Cookies.

Oreos and Ice Cream Also during the year, we signed a licensing agreement under which *Oreo* Cookies will be supplied to approved ice cream manufacturers for use in products marketed under the trade name of *Oreo* Brand *Cookies 'N Cream* Ice Cream. These products will be sold in several basic flavors and a number of different sizes and shapes, all of which will contain real pieces of *Oreo* Cookies as a key ingredient.

Crackers Expanded The cracker segment of our business saw the introduction last year of a new snack variety, *Sesame Thins*, while *Herbs & Spice Twigs* made its initial appearance in February of 1984.

Life Savers plans to expand the scope of its strong sales and distribution network in 1984.

Currently in test market are "no added salt" and "low salt" varieties of both *Triscuit* and *Wheat Thins* Crackers.

Outstanding sales results were posted last year by *Wheatsworth* and Cheese *Ritz* Crackers. A new marketing campaign for *Better Cheddars* Snack Thins generated additional consumer demand for this product. *Better Cheddars,* baked with real sourdough, continues to be one of our most successful new snack crackers of recent years.

Also, a new ad campaign along with a larger-size package combined to push sales of *Waverly* Crackers to all-time highs. In a market environment of intense competition, *Premium* Saltines maintained its leadership position.

Productivity–a Continuing Factor Productivity improvement continued last year, resulting in significant savings for U.S. Bakery Products. Contributing to the improvement in 1983 were the completion of a fully automated, high-rise warehouse at our Chicago bakery and the implementation of a multi-year project to convert our product shipments to a system of unit palletized loads.

Improvements in productivity, particularly with regard to packaging lines, will be a priority goal for U.S. Bakery Products in the years to come. With the anticipated resulting increase in productivity and with continued emphasis on research, new-product development and aggressive marketing programs, we expect to maintain–and in some significant areas, increase–our industry leadership.

Life Savers Hard-Roll Candies are part of the fun for all sports.


LIFE SAVERS

Junior Mints
REAL CHOCOLATE COVERED
NABISCO
SPECIAL OFFER See Package Back
curtiss
Butterfinger
NET WT. 1-11/16 OZ. (47g)
curtiss
Baby Ruth
care*free
Spearmint
SUGARLESS
Fruit
Cinnamon
SUGARLESS GUM
SUGAR FREE
BREATH SAVERS

U.S. Confectionery Products (In millions)	**1983**	1982	1981	1980	1979
Sales	**$530.2**	$528.5	$265.9	$272.7	$217.9
Operating Income	**60.4**	47.0	23.2	24.0	24.0

In 1983, U.S. Confectionery Products had an exceptionally good year, reporting a 29% gain in earnings over the prior year. Sales were about equal to year-earlier levels.

Life Savers Hard-Roll Candy, already the volume leader in that classification, maintained its market-share position during the year with an aggressive marketing program.

Leading Brands During the year, one of our *Life Savers* brands, *Breath Savers*, took over first place in the growing sugarless hard-roll candy segment of the confectionery market.

Bubble Yum maintained its hold on first place in national bubble gum sales with a substantial increase in volume. We expect to broaden our leadership margin in the bubble gum market through the reformulation in 1983 of our Sugarless *Bubble Yum* and through the introduction of two new flavors: Pink Lemonade *Bubble Yum* and Orange Sugarless *Bubble Yum*.

Also recording a big sales gain was *Care*Free*, a very strong number two in the sugarless gum category, with both sugarless gum and sugarless bubble gum varieties.

Curtiss Candy Bars As the year progressed, the *Curtiss* Candy Bars, *Baby Ruth* and *Butterfinger*, had greatly improved results. Contributing to this progress was a repositioning effort reinforced by a new advertising campaign –the first consumer advertising for the two brands in almost two years.

Other Confectionery Items Three other U.S. Confectionery Products–*Junior* Mints, *Chuckles* Candy and *Charleston Chew!*–maintained leading positions in their categories, while *Pearson* Specialty Candy and two caramel varieties, *Sugar Daddy* and *Sugar Babies*, experienced sales increases during the year.

Also gaining in sales volume in 1983 was our *Merckens* Chocolate operation, which caters to retail confectioners and the home-candy-making market. It also supplies U.S. Bakery Products with some of its chocolate needs.

U.S. Confectionery Products had an exceptional year, with earnings up 29%.

Our success in the confectionery business is based on a wide variety of products: *Breath Savers* Sugarless Candy, *Care*Free* Sugarless Gum, *Junior* Mints and *Curtiss* Candy Bars, among others.

Nabisco Brands USA

New Product Capitalizing on consumer interest in one of the confectionery industry's growth categories–chewy candy–our new fruit-flavored *Bonkers!* continued to record excellent sales in all test-market areas. As a result of this outstanding performance, *Bonkers!* Candy will be introduced into additional markets in 1984.

Steps Toward Greater Efficiency To take advantage of the Life Savers direct-sales force, with its more than 700 field representatives, we reorganized the U.S. Confectionery Products management structure by incorporating into the Life Savers operation the sales and distribution of *Baby Ruth* and *Butterfinger* Candy Bars, *Planters* Nuts vend packs and *Planters* Cheese Sandwiches.

Also now being handled by the Life Savers network is *Tums* Single-Roll Antacid, for which we became exclusive distributor in 1983.

Additional efficiencies in U.S. Confectionery Products are anticipated through the scheduled closing in early 1984 of our Life Savers manufacturing plant in Port Chester, New York. All Life Savers production will be consolidated in other Life Savers facilities. In addition, we plan to upgrade productivity throughout our confectionery manufacturing plants.

Continued emphasis on aggressive marketing programs and expansion of the scope of our strong sales and distribution network are in store for 1984.

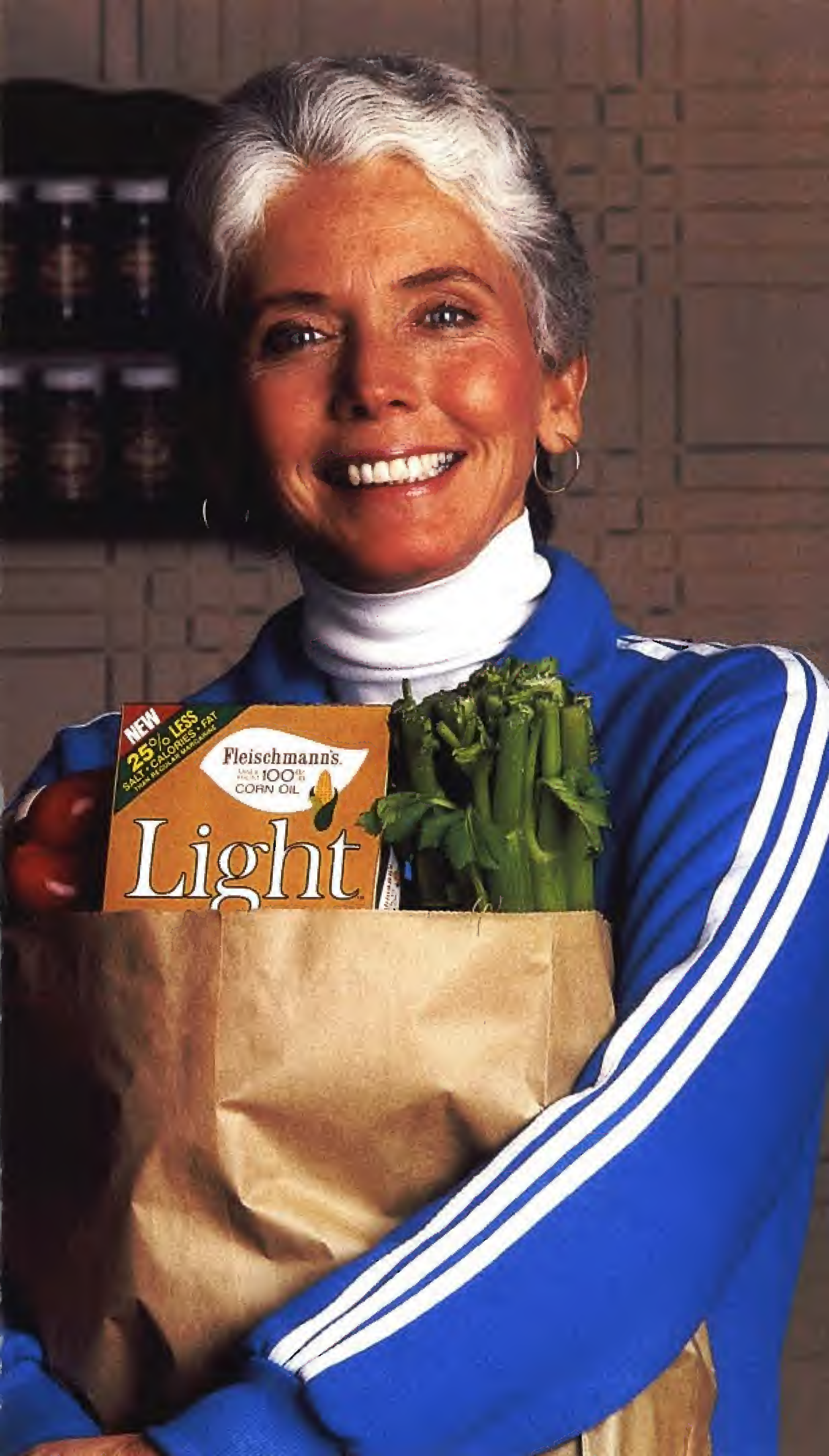
Both the ready-to-eat and hot cereal lines performed well in 1983, as did *Royal* desserts and the *No-Bake* Pie items.

U.S. Grocery Products (In millions)	**1983**	1982	1981	1980	1979
Sales	**$1,525.4**	$1,473.9	$1,409.1	$1,379.4	$1,297.7
Operating Income	**185.6**	168.3	156.9	118.0	110.3

With excellent performances in each of its six major lines–margarines, nuts and snacks, cereals, yeast, desserts and pet snacks–U.S. Grocery Products had another fine year. Sales were up by 3% to $1.5 billion, while earnings climbed by 10% to $186 million.

The 1983 strategy called for a heightened emphasis on new products. A significant number of new products were introduced last year, and despite the increased costs of product development, U.S. Grocery Products recorded a strong earnings gain.

New products, such as *Fleischmann's Light* Corn Oil Spread, are delicious ways to satisfy contemporary tastes.


NEW
25% LESS
SALT · CALORIES · FAT
Fleischmann's
100%
CORN OIL
Light


NABISCO
Enriched with IRON
quick
CREAM OF WHEAT
NEW!
SHREDDED WHEAT
TOASTED WHEAT & RAISINS
LIGHT BITE SIZE BISCUITS
100% NATURAL WHOLE WHEAT
The original NIAGARA FALLS cereal
NABISCO SHREDDED WHEAT
100% NATURAL WHOLE WHEAT
Home Hearth
YEAST BREAD MIX
FLEISCHMANN'S YEAST
NEW!
VALUABLE COUPONS
OLD FASHIONED WHITE
Royal
no bake
real cheese cake mix
filling & graham cracker crust
NET WT. 11 OZ.
chocolate
pudding & pie filling
lime
gelatin dessert

A Leader in Margarines Nabisco Brands' total category share of the margarine market increased, sparked by new-product introductions. *Fleischmann's Light*, the first lower-calorie, lower-fat corn oil spread with reduced salt content, was introduced nationally in early 1983 and expanded the sales of the premier *Fleischmann's* Margarine line.

A new three-pound package of *Blue Bonnet* spread was also introduced. Other new margarines, including one formulated especially for baking, called *Blue Bonnet Baker's Blend*, are now in test markets.

Still another product, *Fleischmann's Squeeze*, a liquid margarine, was introduced regionally late in 1983 and nationally early in 1984.

Fleischmann's Egg Beaters Cholesterol-Free Real Egg Product looks for increased results in 1984 with the introduction of *Egg Beaters* With Cheez.

Dessert Sales Up Product and new-flavor introductions sparked the performance of our *Royal* line in 1983, with a market-share increase reported for gelatins and puddings. Introduced were two new flavors (tropical fruit and lemon/lime) for *Royal* Gelatin and two new flavors (chocolate mint and toasted coconut) for *Royal* Instant Pudding. A Lemon Meringue *No-Bake* Pie featuring *Lorna Doone* Shortbread crumb crust was added to our line of pie items.

Royal's dessert products specifically targeted for the Hispanic market did exceptionally well in 1983, as did the *No-Bake* Pie items.

Planters Product Line Expanded The Planters Division, aided by new-product introductions, reported strong results for 1983. There was encouraging consumer response in test markets for *Planters Lite* Peanuts, made possible by a technological breakthrough that reduces the caloric content of peanuts by one-third. New varieties of *Planters* Snacks, including two kinds of tortilla chips, are currently being test-marketed, while *Sweet-N-Crunchy* Peanuts has been rolled out into the Northeast from the initial test sites.

Efforts were made last year to expand product lines through the addition of new sizes that satisfy various consumer preferences. A large size of *Planters* Canister Snacks, containing 75% more product than the regular size, was introduced in almost half the country, and early reports indicate a favorable response by snack purchasers.

Despite the increased cost of significant new-product introductions, U.S. Grocery Products recorded a strong earnings gain for 1983.

The strong performance of U.S. Grocery Products was partly due to aggressive marketing programs behind new and traditional products.

Nabisco Brands USA

Both sales and earnings increased last year for the Planters Division, with strong volume gains in the canister snack and unsalted nut lines. A broad spectrum of products enabled us to maintain our leadership position in the nut business. Planters markets virtually all kinds of nuts popular with the American public, in both oil and dry roast and salted and unsalted versions.

To buttress the *Planters* brand franchise while providing an improved product-family recognition factor for consumers, the division adopted a new packaging design for the cello-bag line of nuts built around the familiar blue of *Planters* packaging. The line includes items for home baking as well as snacking nuts.

Plans for 1984 call for expansion of the canister snack line and exploration of further opportunities with individual-serving-size nut items.

Capital improvement programs strengthen our competitive position as a cost-effective manufacturer of high-quality, branded consumer products.

Strong Performance for Cereals Product introductions in the cereal segment included a new ready-to-eat variety, *Toasted Wheat & Raisins,* the nation's only wheat and raisin cereal with no added sugar or salt. There are also two new flavors–Maple Brown Sugar, and Raisin and Spice–in the successful Mix 'n Eat *Cream Of Wheat* Hot Cereal line and a new 24-ounce package of *Spoon Size* Shredded Wheat Cereal.

Augmenting our line of hot cereals was the purchase last year of the *Cream Of Rice* brand. Manufacture of this newly acquired product will be handled at our recently modernized hot cereal plant in Minneapolis, Minnesota.

Both our hot and ready-to-eat cereals are expected to perform well in 1984 as aggressive new marketing programs are introduced.

Pet Snacks Our margin of market-share leadership in pet snacks expanded in 1983 as a result of the continued success of *Butcher Bones* Dog Snacks, an item introduced during the preceding year. *Butcher Bones* Dog Snacks are 100% nutritionally complete and represent the only dog snack with real beef chips.

New pet snack products introduced last year were beef-and cheese-flavored *Butcher Bones.* We also began marketing a four-pound package of *Milk-Bone* Dog Biscuits.

New Products Perennial market leader in the consumer yeast business with *Fleischmann's* Active Dry Yeast, we took a significant step forward in the consumer yeast market with the introduction early in 1984 of *Fleischmann's RapidRise* Yeast. This exciting new product reduces rising time by 50% and is expected to amplify public interest in making bread at home.

Planters Nuts and Snacks are just about everyone's favorites.


PLANTERS
Cocktail
PEANUT
NET WT. 12 OZ


PLANTERS
Corn Chips
MOOSEHEAD
BEER
PLANTERS
STAY FRESH LID
DRY ROASTED
PLANTERS
UNSALTED MIXED NUTS
NO OIL USED IN PROCESSING
FOSTER'S
LAGER
Blue Bonnet
Margarine
"Everything's Better With Blue Bonnet On It"
Blue Bonnet
Blue Bonnet

Another of our new products designed to broaden the home-baking market is *Home Hearth* Yeast Bread Mix, available in three bread varieties–Old Fashioned White, Rye and French. It's the nation's only bread mix with faster-acting *Fleischmann's* Yeast, which materially simplifies the bread-making process.

All Brand Importers Our All Brand Importers Division recorded a substantial sales increase again last year, with its products continuing to outgain the rest of the imported beer market by a margin of more than two to one.

Moosehead Canadian Beer, *Fosters Lager* Australian Beer and *Dos Equis* Mexican Beer registered major increases in volume during 1983. Each of these brands is among the nation's 10 top-selling imports. *Carlsberg* Danish Beer and *Pilsner Urquell* Czechoslovakian Beer also reported outstanding results.

Other Products Among our diversified line of grocery products are *Dromedary* Cake Mixes, Dates and Pimientos. During the year, our industrial vinegar segment maintained its leadership position in the industry.

Food Service During 1983, our Food Service Division reported improved volume in the wake of the nation's economic recovery. As better conditions generated more consumer traffic at hotels and restaurants, our customers increased their orders for our complete Food Service line of Nabisco Brands products. An upward trend in vending and in-plant cafeterias also contributed to the year's results.

Distribution Efficiencies Among the many factors responsible for last year's earnings improvement in the domestic sector was a decision to consolidate all Nabisco Brands USA divisions, except Biscuit Group and All Brand Importers, into a common distribution system.

The number of major distribution centers was reduced from 55 to 14, resulting in a more efficient movement of finished product and significant savings in freight charges and overhead. Additional savings are anticipated in 1984 in this area through the consolidation of order-processing systems.

Contributing to improved productivity in U.S. Grocery Products were a rise in the use of robotics in our margarine plants and the modernization of our Milk-Bone plant in Buffalo, New York, and our cereal plant in Minneapolis, Minnesota. Continued emphasis on productivity improvements is planned for 1984.

Sales and earnings increased for the Planters Division, with good volume gains in the canister snacks and unsalted nut lines.

Our wide range of popular consumer products in the United States includes margarines, nuts, snacks and imported beers.

Nabisco Brands Ltd

Canada (In millions)	**1983**	1982	1981	1980	1979
Sales	**$698.2**	$607.4	$599.9	$552.4	$471.8
Operating Income	**64.7**	57.8	56.4	47.0	39.7

Our Canadian company, Nabisco Brands Ltd, recorded strong gains of 15% in sales and 12% in earnings in 1983. Reflected in these impressive results were the increased volume and improved operating margins of existing businesses, along with the addition to the business roster of Associated Biscuits of Canada Ltd., through our acquisition of its parent company, Huntley & Palmer.

Leadership Expanded Already a solid first in Canadian cookie and cracker sales, we strengthened our market position in 1983 with Associated Biscuits *Dad's*, *David* and *Peek Freans* brands. Volume leaders in this category last year were *Christie's Oreo* and *Chips Ahoy!* Cookies and *Peek Freans Nice* Biscuits.

Our baked goods sales were augmented by the introduction of Not-Salted *Triscuit* Crackers, which had undergone a successful regional test in 1982.

New Products a Factor In margarines, our *Fleischmann's* products maintained their leadership in the premium end of the business, and *Blue Bonnet* Margarine retained its market-share position in the competitive intermediate-priced segment. Meanwhile, newly reformulated *Fleischmann's* Unsalted Margarine nearly doubled its sales volume by taking advantage of increased consumer demand for food products containing less sodium. Introduced regionally last fall in response to a growing interest in less fattening foods, *Fleischmann's Light*, a calorie-reduced spread, achieved strong initial trade and consumer acceptance.

Volume gains were reported for many of our major ready-to-eat cereal brands, including *Nabisco* Shredded Wheat and *Shreddies*. A new line extension, *Nabisco Shreddies & Raisins*, posted encouraging results in the early stages of a regional market test. Heightened consumer interest in high-fiber-content cereals generated strong growth during the year for *Nabisco* 100% Bran.

We maintained our leadership position in baking aids, with *Fleischmann's* Yeast, *Magic* Baking Powder and *Chipits* Baking Chips contributing to our strength in this category. During the year, a new flavor of *Chipits*–Mint Chocolate–joined the traditional Chocolate and Butterscotch versions.

Our Canadian company, Nabisco Brands Ltd, registered increases in both sales and earnings for 1983.

Nabisco Brands products are Canada's favorites for every meal of the day, starting with *Shreddies* Cereal for breakfast.


Shreddies
NABISCO


thinner, crisper crackers
Christie
PREMIUM PLUS
SALTED
450g crackers
Christie
PAUSE CAFÉ
Fleischmann's
Contains Sunflower Oil
Contient de l'huile de tournesol
Fleischmann's
Contains Sunflower Oil
Ovation
Dark Chocolate Covered Mintsticks
125 g
SAVE TWENTY-THREE CENTS
ÉCONOMISEZ
Chipits
350 g
SEMI-SWEET CHOCOLATE CHIPS
MI-SUCRÉ
REAL CHOCOLATE • VÉRITABLE CHOCOLAT
The BIGGEST EVER!
Oh Henry!
65.5g
CANDY/FRIANDISE
Plus GROSSE que jamais!

Pet Foods In 1983, Dr. Ballard's introduced *Special Diets*, a new line of canned dog foods formulated to meet the special nutritional needs of dogs at different ages, enabling us to strengthen our hold on first place among Canadian marketers of canned pet foods. We maintained our leadership position in pet snacks through the strong sales performance of *Milk-Bone* and the national rollout of *Butcher Bones* following a successful test launch in Western Canada.

Confectionery Items Strong Canada's only full-line confectionery manufacturer and marketer, Nabisco Brands Ltd sells such leading brands as *Oh Henry!* Candy Bars, *Pot Of Gold* Box Chocolates, *Life Savers* Hard-Roll Candy, *Care*Free* Sugarless Gum and *Planters* Nuts. Our newly integrated confectionery sales force services all channels of distribution with a one-stop-shopping concept, contributing last year to wider distribution and market share gains for both *Life Savers* and *Breath Savers* Candies.

> In **Canada**, volume improvement was reported for many of our major ready-to-eat cereals, including *Nabisco* Shredded Wheat and *Shreddies*.

During the year, Planters solidified its position as the country's largest processor of snacking nuts. *Moirs* Box Chocolates registered volume gains through its leading brands–*Pot Of Gold* and *Ovation*. *Nabisco Junior* Mints were introduced in regional markets, while in the wake of a successful regional launch in 1982, *Lowney* Peanut Butter Cups went into national distribution.

Wines and Spirits In our wines and spirits business, Calona Wines *Schloss Laderheim* retained its standing as one of the leading domestic table wines in Canada. Calona responded to a growing consumer demand for light wines with the introduction of *Tiffany Light* Red and White Table Wines.

Alert to changing consumer tastes in the spirits market, our McGuinness Distillers increased its emphasis on cream liqueurs. Introduced during the year to complement our original liqueur entry, *Kemper's Bavarian Cream*, now Canada's largest-selling domestic cream, were two new liqueurs–*Ovation*, a blend of chocolate and cool mint, and *Amarello*, an almond-flavored product.

Productivity Improvements In the pursuit of improved productivity, Nabisco Brands Ltd continued a program in 1983 to streamline its operation that should produce substantial cost savings this year and in future years. Among its completed projects: reorganization of the Foods Group and Confectionery Group sales forces, installation of modern automated palletizers at the Christie Brown bakeries, and the purchase of computer facilities to accommodate additional requirements.

With these products, Nabisco Brands is a leader in the cookie and cracker, confectionery, margarine and baking ingredient businesses in Canada.

International Nabisco Brands

Excluding Canada (In millions)	**1983**	1982	1981	1980	1979
Sales	**$1,631.4**	$1,333.6	$1,362.0	$1,377.8	$1,198.0
Operating Income	**152.2**	136.5	121.5	114.9	85.8

With a sales gain of 22% over 1982, and earnings up 12% – all this despite the strength of the U.S. dollar in relation to other currencies – International Nabisco Brands continues to exhibit the underlying vitality and potential for long-term growth that make it a key element in our corporate structure.

Representing International Nabisco Brands are all Company operations outside the United States and Canada. These operations are managed under a decentralized system based on four regional areas – United Kingdom, Continental Europe, Latin America and Asia/Pacific – each capitalizing on the special knowledge and expertise of local managers. Also contributing to the success of International Nabisco Brands is its outstanding roster of brand-name products, many of them sales leaders in the countries in which they are sold. In 1983, we enhanced our market leadership positions through aggressive marketing programs and through the introduction of new products.

During 1983, Huntley & Palmer was integrated with our existing U.K. operations.

United Kingdom (In millions)	**1983**	1982	1981	1980	1979
Sales	**$589.4**	$249.5	$272.4	$279.1	$188.3
Operating Income	**31.8**	21.2	19.6	27.7	18.6

Among the noteworthy developments in our British operation last year were the integration of the Huntley & Palmer group, acquired at year-end 1982, and gains in operating income for the U.K. business as a whole. Earnings rose from $21 million in 1982 to $32 million, while sales, reflecting the Huntley & Palmer acquisition along with other factors, climbed from $250 million to $589 million.

Perhaps even more significant was the improvement in the Huntley & Palmer snack and biscuit businesses. Continuing improvements are expected this year.

Our operations in the U.K. now produce more than one-third of total International Nabisco Brands sales. As such, they make the U.K. the leader in Nabisco Brands sales outside the United States and Canada.

Our snacks like *Walkers Crisps* make the rounds in the United Kingdom.


WALKERS
CRISPS
MEDIUM PACK
20p

18 BISCUITS
NABISCO
JAWS 3-D
FREE
JAWS 3-D GLASSES INSIDE
NABISCO
Shredded Wheat
SMITHS
CRISPS
Ready Salted
Family Pack
THE HUNTLEY & PALMER · BISCUITS ·
Luxury Assortment
JACOB'S
Cream Crackers
JACOB'S
Cream Crackers
BENDICKS BITTERMINTS
CLUB Plain
CLUB Wafer
CLUB Mint
CLUB Orange
CLUB Wafer

Cost Savings a Factor Organizational changes in the U.K. last year included the consolidation of the Biscuit, Cereal and Dry Mix Divisions into a single division, unification of various purchasing functions, and the establishment of a Distribution Division that may ultimately serve all operations involved in the grocery market. Each of these moves is expected to produce substantial cost savings in 1984 and beyond. Also in 1983, a novelty chocolate business, a former Huntley & Palmer operation, was divested.

Biscuits Repositioned A strong second in sales in the huge U.K. biscuit market, we have taken steps to strengthen our position. Our various biscuit brands have been repositioned, with *Jacob's* the brand name now used for plain crackers and chocolate products; *Peek Freans* designating economy/traditional sweet biscuits; *Huntley & Palmer* the label used for the fancier, indulgence-quality biscuits; *Ritz* the name employed for snack cracker products; and *Hovis* the mark for products with a natural-ingredient, health-associated image.

This identification of brand names with specific categories of the biscuit market is expected to help consumers find the Nabisco Brands merchandise they want at retail outlets.

Steps are also being taken to eliminate the least efficient biscuit plants and modernize remaining facilities. Toward this end, the closing of the Huyton and Woodgate plants during 1983 resulted in a sharp increase in capacity utilization at the remaining plants.

Market Leader in Snacks Nabisco Brands is the unchallenged U.K. market leader in snacks with our *Walkers, Smiths* and *Tudor* brands. We are committed to a program of enhancing our market position in potato chips, the biggest snack segment.

In 1983, we successfully test-marketed two new extruded snacks, *Tubes* and *Scampi Fries,* now scheduled for a national launch. Our new, ultramodern Beaumont Leys snack plant currently operates two potato chip lines, with a third slated for installation in 1984.

Huntley & Palmer's biscuits, crisps and confectionery products join a long-time favorite in the United Kingdom: *Nabisco* Shredded Wheat Cereal.

In the **United Kingdom,** Nabisco Brands is the market leader in snacks and a strong second in biscuit sales.

International Nabisco Brands

In **Europe**, operating results in terms of local currencies were very impressive, particularly in Italy and France.

Opening of the Beaumont Leys facility enabled us to close the older snack plant at Leicester, a move that resulted in a considerable cost saving.

One of the most gratifying developments in the snack area in 1983 was the earnings turnaround of the Smiths business. The improvement was achieved through price increases and gains in both volume and productivity. Additional progress at Smiths is anticipated this year in terms of product improvements, innovation and profitability.

Walkers, largest single profit contributor to the Company's overall U.K. operation, continues to be healthy and growth-oriented. Volume of *Walkers* Potato Chips increased again in 1983.

Cereals We currently hold one of the leading market-share positions in branded breakfast cereal sales in the U.K., with products such as *Nabisco* Shredded Wheat, *Shreddies* and *Bran Flakes.* A new cereal, *Bran Crunchies,* currently in test market, looks promising.

Meanwhile, we are developing a Nabisco Brands cereal business on the European Continent whose source of supply is our cereal production facilities in the United Kingdom.

Continental Europe (In millions)	**1983**	1982	1981	1980	1979
Sales	**$548.5**	$532.6	$551.0	$625.6	$608.8
Operating Income	**48.9**	46.2	36.8	40.1	34.6

Earnings for Nabisco Brands businesses on the European Continent rose by 6% in 1983, despite a continued economic recession in the area, price controls in some key markets and the weakness of local currencies against the U.S. dollar. Operating results in terms of local currencies were even more impressive, and market shares have increased in most areas.

Record Results for France Our operation in France reported record profits for the year, overcoming price controls and a difficult economic climate with new products and a successful sales strategy.

Our French company, Belin, holds a position of strength in baked snacks. Its *Minizza* Snack Crackers and *Petits Coeurs* Cookies have been so successful in the French market that they are now being exported to The Netherlands, Italy, Denmark and the United States.

Consumer popularity on the Continent is typified by the success of *Minizza* Crackers in France.


BELIN
MINIZZA


chipster
au fromage
BELIN
NABISCO
chipster
au fromage
chipster
au fromage
4 feuilletés
au ris de veau
SURGELÉS
MOULIN DE
JACOBERT
BELIN
Biscuits Feuilletés
BELIN
Petits Cœurs
125 g
Biscuits Feuilletés
miscela oro
TÉ ATI
20 FILTRI
TÉ ATI
miscela
oro
Crème Caramel
Royal
CREME CARAMEL

Both *Minizza* and *Petits Coeurs* are products of a new technology that turns out baked goods with an exceptionally light and flaky texture. Similar versions of those products, embodying the same technology, are being marketed by Nabisco Brands companies in Spain and Venezuela as we step up our program of cross-fertilizing both products and methods of production.

In France, through a major diversification effort now under way, Nabisco Brands will expand its position in the frozen food market. Our goal is to achieve a leadership position in frozen pastries and certain types of frozen entrees. This effort began a few years ago with the acquisition of a small frozen foods company, Moulin de Jacobert, and has been spurred by the French operations acquired through the Huntley & Palmer purchase.

New Products in Italy Both of our enterprises in Italy turned in good earnings reports in 1983, and their active programs of new-product development provide a firm foundation for future growth. Among the products recently introduced or in the planning stage in Italy are ready-to-eat desserts, aseptic drinks and a line of biscuits to be marketed under the *Cremerinos* label.

During 1983, our biscuit company in Italy – Saiwa – introduced a new family-size version of *Oro*, its major franchise brand. *Oro* Biscuits are among the products that will be made at a new plant, now under construction, scheduled for completion early next year.

Our Italian operations also benefit from a program under which Nabisco Brands companies share warehousing facilities and delivery systems.

Other European Operations Prompt and diligent efforts in Spain turned what could have been a major setback into a relatively minor one. When a flood in Bilbao put our biscuit plant there out of commission last August, a massive cleanup campaign resulted in resumption of some production in a matter of months. Additional production was made possible by contract manufacturing and transfers from other Nabisco Brands European operations.

Our Danish company, Oxford, introduced a new product line of cookies last year as a consequence of its having acquired the Copenhagen plant of a

With products like these, Nabisco Brands maintained and improved its market positions throughout Continental Europe during 1983.

Nabisco Brands operation in **France** attributed record profits for 1983 to new products and a successful sales strategy.

former competitor. The additional manufacturing facilities made it possible for Oxford not only to bring out the new line but to produce Danish cookies for export to the United States for distribution through the U.S. Biscuit Group.

In Holland, the performance in 1983 was mixed, with competition in the confectionery market so intense that even established quality brands like *Droste* Chocolates encountered difficulties. Results for the coffee and tobacco operations were essentially comparable with those for 1982.

Future Outlook The outlook for future operations on the Continent is favorable, notwithstanding the increased competition, maturity of the food markets, powerful trade customers and a difficult overall economic climate. Our confidence is based on a determination to build on our strong brand franchises, and for our local management to generate additional markets through new-product introductions. We will support aggressive marketing programs with efficient production facilities and necessary funds.

The strength of our consumer brand franchises in **Latin America** was a major contributor to increased profits for the region in 1983.

Latin America (In millions)	**1983**	1982	1981	1980	1979
Sales	**$298.3**	$373.8	$377.5	$333.3	$287.7
Operating Income	**58.5**	57.1	58.7	42.3	29.9

Certainly the most remarkable aspect of our operations in Latin America last year was that they registered a 2% gain in earnings in spite of severe currency devaluations against the U.S. dollar.

There can be no doubt that our results–extraordinary under the circumstances–were made possible by the strength of our brand franchises and our local management in South and Central America. For more than a quarter of a century, the *Royal* name on desserts and other products and the *Fleischmann's* label on yeast products have been household words in millions of Latin American homes.

Meanwhile, other products in the Nabisco Brands family have been acquiring similar popularity.

Results Strong in Brazil Our largest Latin American operation is in Brazil, where a major currency devaluation occurred last February, with erosion continuing through the rest of the year. The weakness of the cruzeiro notwithstanding, our businesses in Brazil had a record dollar profit in 1983 and made significant dollar remittances to the U.S.

Leading brands like *Fleischmann's* Yeast and *Royal* Baking Powder are staples in most Brazilian homes.


ROYAL
ERMENTO EM P
QUÍMICO
FERMENTO BIOLÓGICO SECO
FLEISCHMANN


torta Royal chocolate
mezcla para hacer
torta Royal chocolate
solamente añadir huevos, leche y margarina
sirvala todos los dias.
GLÓRIA
instantâneo
Leite em pó
QUESILLO Sabor a COCO Royal
Royal
Mezcla para hacer POSTRE CRIOLLO
QUESILLO
Sabor a COCO
con caramelo liquido
12 PORCIONES
Royal
PÓ PARA MANJAR
Royal
Sorbeticos
Sorbeticos
GALLETAS RELLENAS
PLANTERS
Cheez Balls
Bolitas de maiz con queso
OFERTA
NUEVO
Krem Deditos
DOBLE CREMA
GALLETAS RELLENAS CON SABOR A FRESA
Krem Deditos
PLANTERS
Cheez Curls
Rizitos de maiz con queso
P.V.P. Bs

Using locally generated funds, we acquired a biscuit company in Brazil last year, giving us entry into one of the world's largest biscuit markets. This development is in line with the Company policy of making the best use of the special strengths of each partner in the 1981 Nabisco-Standard Brands merger. In this instance, the expertise of Nabisco in cookies and crackers is being introduced into a country in which Standard Brands had been successfully marketing products other than cookies and crackers for many years.

The strategy of cross-fertilization will see Nabisco Brands enter the biscuit business in several other Latin American countries in the near future, as the foundation is laid for new growth through diversification.

Improvement in Argentina In Argentina, another financially troubled country, we succeeded last year in returning our business to a profitable level. Reestablishment of civilian government there is expected to result in an improved economic climate, one in which we will continue our plans for prudent expansion.

Business in Venezuela In another Latin American country with serious economic problems–Venezuela–our 1983 results were below the previous year's levels.

Contributing to our problems in Venezuela last year were import restrictions. However, our business there is fundamentally sound. We continue to hold dominant market-share positions in dry mix desserts, yeast and baking powder, and our joint venture, Nabisco-La Favorita, is the national leader in biscuit sales. In the expectation of improving results in Venezuela, we recently brought on stream a new snack plant that is now producing *Planters* Cheez Balls and Cheez Curls.

Other Countries In Mexico, where consumers have been losing their purchasing power as inflation outpaces the gains in wages, we do not expect a return to good results until the overall economy picks up.

Elsewhere in Latin America, Nabisco Brands operations remained basically strong throughout 1983, particularly in those countries where inflation rates are more moderate and currencies are relatively stable versus those of other countries in the region.

Puddings, sugar wafers and milk products are joined by *Planters* Snacks on our long list of consumer favorites in Latin America.

In **Brazil**, our businesses had a record dollar profit for the year, despite the weakness of the cruzeiro.

International Nabisco Brands

Looking Ahead We believe that the current adverse economic climate throughout much of Latin America in no way diminishes the potential for future growth. For this reason we are convinced that during this period we can, at attractive rates of investment, continue to strengthen our existing production and distribution and at the same time acquire new businesses in our areas of expertise and technology.

Thus, we recently completed negotiations to acquire an interest in a biscuit company in Ecuador, as well as two companies in Uruguay whose combined share represents 50% of that country's biscuit market.

The potential for expansion of our brand franchises is the main reason behind our search for new business opportunities in the **Asia/Pacific** region.

Asia/Pacific (In millions)	**1983**	1982	1981	1980	1979
Sales	**$195.2**	$177.7	$161.1	$139.8	$113.2
Operating Income	**13.0**	12.0	6.4	4.8	2.7

Because of the area's enormous population and because of its dynamic ongoing programs for economic advancement, we regard taking advantage of the potential for growth in Asia/Pacific as a key strategy in general and in processed foods in particular. Results for 1983 show sales gains of 10% over 1982 and an earnings gain of 8%.

Diversification in Japan In Japan, our joint venture company, Yamazaki-Nabisco, showed substantial profit improvement compared to the prior year. Yamazaki-Nabisco is the market leader in stackable potato chips and is seeking new areas of opportunity as potato chip consumption in that country begins to stabilize.

A promising prospect has been found in the new soft cake category, which we are building into a virtual brand franchise. The Japanese soft cake is a fancy pastry that is baked in our regular biscuit ovens, with distinctive flavors added in the form of icing. Sales of our soft cake in 1983 were up significantly over the previous year.

Overall, our biscuit business in Japan remains healthy, continuing to attract consumers despite strong competition.

New Products in Australia Our Australian company launched several new products last year, including *Lite-Bread*, an extruded crispbread; cashew nuts, under the *Planters* label; and a number of new biscuit varieties.

The high quality and good taste of Nabisco Brands products bring smiles throughout Japan.


NABISCO
PICOLA
COFFEE CREAM
ピコラ


weeties
NABISCO
NO ADDED SUGAR
1568kJ PER 100g
CONSERVATION
& ENVIRONMENT
SERIES
weeties
the whole grain cereal
NABISCO
コーン
ディガー
CORN DIGGERS
HI FIBRE
LITEBREAD
WITH WHOLEMEAL
"the greatest thing since sli
HI FIBRE
LITEBREAD
BRITANNIA
MINTIES
Confectionery

We continued in 1983 to hold the number two sales position in Australia's growing breakfast-cereal market, and we took steps toward building our market shares in biscuits and snacks.

Market-Share Leadership An excellent gain in volume was reported by our operation in New Zealand, where we maintained our leading market positions both in biscuits and specific confectionery items. Test marketing of a new line of chocolate bars looks promising and steps will be taken to build market share in the snacks category.

The success of the New Zealand business is indicated by the fact that our sales per capita in 1983 totaled $15.23, a figure exceeded only by our per capita sales in the United States and Canada.

Expansion Continuing The 1982 acquisition of Huntley & Palmer provided Nabisco Brands with a major operating foothold in India through a 38% ownership in Britannia Industries. A Huntley & Palmer affiliate, Britannia Industries, is the market leader in India in both quality biscuits and bread, with a distribution system that will permit us to introduce into the subcontinent various Nabisco Brands products from other countries.

Our business in **Japan** remained healthy and showed substantial profit improvement during the year.

The Huntley & Palmer acquisition also enabled us to expand our operations in Malaysia and Singapore, where Kuan Enterprises is the leader in the confectionery market and is in second place in sales of biscuits.

We are in the process of integrating our various businesses in Singapore into one operation with a single sales force and distribution network, along with expanding product lines.

Future Outlook In looking to our future in Asia/Pacific, we find that the main challenge is to overcome the problems associated with trade barriers that limit export and import opportunities. Despite these barriers, the sales potential throughout the region is so great that we are pressing our search for new business opportunities, including some in the Peoples Republic of China. In China, we are actively exploring possible joint ventures in the manufacture and sale of biscuits, as well as other forms of economic cooperation and technology transfer.

From *Britannia* Biscuits in India to *Minties* Confectionery in New Zealand, Nabisco Brands' wide range of products serves each country's needs and preferences in the Asia/Pacific area.

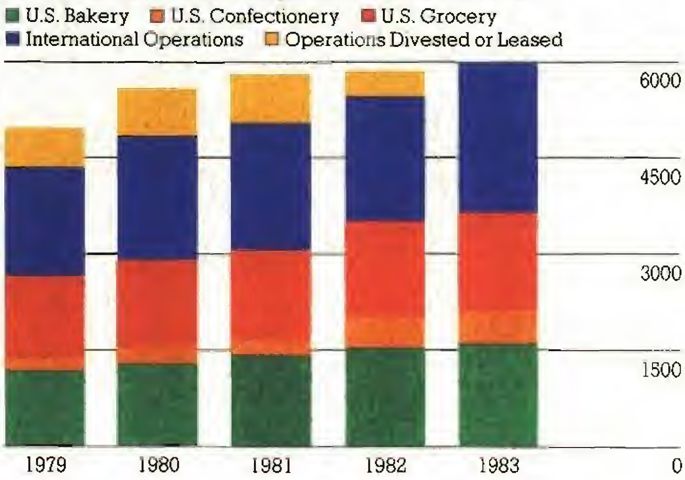
Financial Review

1983 Operations Compared with 1982 Operations
The Company's net sales in 1983 were a record $6.0 billion, a 2% increase over 1982's reported net sales. Operating income increased 9% to $628.1 million. The increased 1983 results reflect the operations of Huntley & Palmer Foods, a United Kingdom-based company acquired at the end of 1982, partly offset by the adverse impact of the continuing strength of the U.S. dollar on international sales and the absence of revenues from operations sold or leased in 1982. Net sales of such divested operations in 1982 amounted to $407.7 million.

In 1983, operating profits of U.S. Bakery Products climbed 3% to $230.9 million while sales increased 5% to $1.6 billion. Despite pressures from both traditional and new competitors, Nabisco Brands cookies and crackers maintained their leading market positions. Cookies were especially strong, led by *Chips Ahoy!* Chocolate Chip Cookies and *Oreo* Chocolate Sandwich Cookies and such new products as *Chips 'N More* Cookies and *Nabisco* Apple Bars. *Almost Home* Cookies, successfully launched into introductory markets in August, continued to do very well in the closing months of the year. Good sales increases were also recorded by *Ritz* and Cheese *Ritz* Crackers, *Waverly* Crackers and *Better Cheddar* Crackers. Productivity gains from major modernization programs contributed to the earnings improvement.

U.S. Confectionery Products reported a strong operating income gain of 29%, with sales about equal to year-earlier levels. Excellent sales gains were reported by *Care*Free* Sugarless Gum, *Breath Savers* Sugarless Candy and *Bubble Yum* Bubble Gum. Cost reductions, as well as production and distribution efficiencies, contributed to the earnings improvement.

Net Sales by Business Segment (Millions of dollars)



U.S. Grocery Products showed a gain of 10% in operating income in 1983. Sales grew 3% to $1.5 billion. During 1983, many new products were successfully introduced, including *Toasted Wheat & Raisins* Cereal, *Home Hearth* Yeast Bread Mix and large-size *Planters* Canister Snacks, while *Fleischmann's* Light Spread achieved national distribution. Good results were turned in by *Planters* Nuts and Snacks, *Milk-Bone* Pet Snacks, *Cream Of Wheat* Hot Cereals, *Fleischmann's* Margarines and *Fleischmann's* Consumer Yeast and Vinegar operations.

The Company's businesses in Canada recorded a sales increase of 15% and an earnings gain of 12% in 1983 compared to the prior year. Significant new-product introductions, coupled with increased marketing activity and cost-reduction programs, contributed to the year's earnings growth. Associated Biscuits, Huntley & Palmer's business in Canada, was included in the 1983 results for the first time.

International operations recorded a sales gain of 22% and an earnings gain of 12% for 1983 despite the continuing strength of the U.S. dollar. In Continental Europe, both the French and Italian companies had an excellent year. The success of new products contributed significantly to this performance. The year 1983 was one of consolidation in the United Kingdom as the newly acquired Huntley & Palmer operations were combined with those of existing units. Huntley & Palmer more than met expectations, showing marked improvement as the year progressed. In Latin America, profits increased in a difficult operating environment. Brazil, the Company's largest operation in that region, posted record earnings. In the Asia/Pacific area, the New Zealand company made excellent progress, as did the Company's 50%-owned affiliate in Japan.

Interest expense declined by $13.1 million to $76.8 million in 1983 as a result of borrowings at reduced interest rates and the early retirement of certain long-term debt.

Miscellaneous (income) expense, net, amounted to $14.8 million of income in 1983 compared with $39.1 million of income in 1982. The absence of the net, nonrecurring gain from operations sold, as well as gains from other product line disposals in 1982, more than offset higher interest income and gains on

retirement of certain long-term debt in 1983. Foreign exchange adjustments, net of taxes, reduced income by $23.8 million in 1983 and $24.2 million in 1982.

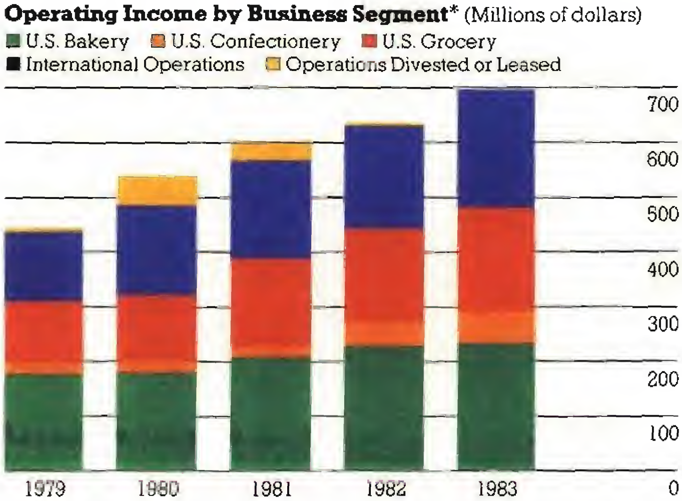
The effective tax rate was 43.0% in 1983 compared with 39.8% in 1982. The lower 1982 rate was attributable to tax benefits on businesses sold and the higher level of U.S. investment tax credits in that year.

1982 Operations Compared with 1981 Operations
The Company's net sales in 1982 were $5.9 billion, a 1% increase over 1981 net sales. Operating income increased 4% to $573.9 million. The 1982 results reflect the addition of Life Savers, Inc., business for all of 1982, lower international sales due to the strength of the U.S. dollar and less than a full year's sales from operations that were sold or leased in 1982.

U.S. Bakery Products showed strength in 1982, with both cookies and crackers maintaining their leading market shares. Sales were up 8% and operating earnings were up 10%. Increases for *Oreo* Chocolate Sandwich Cookies, *Chips Ahoy!* Chocolate Chip Cookies and the chocolate-covered varieties led the way to these sales gains. Two new snack crackers, *Potato 'n Sesame* Snack Thins and *Nacho 'n Corn* Thins, as well as Cheese *Ritz* Crackers, were successfully introduced during the year. Productivity gains resulting from plant modernization programs and lower raw material costs also contributed significantly to the improved results.

U.S. Confectionery Products sales and earnings were up sharply in 1982, 99% and 103% respectively, principally due to the inclusion of the Life Savers business, which was acquired at the end of 1981. Responding to

Operating Income by Business Segment* (Millions of dollars)



*Before unallocated Corporate expenses

increased marketing support, Life Savers achieved important market share gains in 1982 for *Life Savers* Hard-Roll Candy, *Care*Free* Sugarless Gum and *Breath Savers* Sugarless Candy. Lower raw material costs and improved expense controls at the Curtiss Candy operation contributed to the earnings improvement.

U.S. Grocery Products reported a 5% rise in sales and a 7% rise in operating earnings over the prior year. Strong gains were shown in the Company's ready-to-eat and hot cereal lines and pet snacks, primarily due to the new Mix 'n Eat *Cream Of Wheat* Cereals and the introduction of *Milk-Bone Butcher Bones* Dog Biscuits, both of which showed excellent results. In the Planters operation, the nationwide roll-out of canister snack products was completed in 1982. Sales tonnage was up sharply for nut products due to increased product availability after the short supply conditions that existed in 1981. Higher marketing expenditures caused operating earnings to be lower than the 1981 level. The *Royal* line of desserts showed sharp improvement, while the Company's margarine business was comparable to 1981 results. *Moosehead* Beer continued to show outstanding growth in both sales and earnings.

Canadian results were comparable to the prior year in a difficult economic environment.

International operations reported slightly lower sales and 12% higher operating income. During 1982, the strength of the U.S. dollar masked the sales and operating income improvements actually achieved by our international businesses in their local currencies. All major operating areas showed improvement in local currency results with the exception of our businesses in The Netherlands, Mexico and Argentina. Particularly strong gains were shown by operations in Brazil, France, Italy, Spain and the United Kingdom.

Operations Divested or Leased during the year had significantly lower sales and earnings, particularly due to the absence of 1982's fourth quarter results, which were traditionally high for certain seasonal businesses.

Interest expense increased by $26.6 million to $89.9 million in 1982, principally due to the financing of the Life Savers acquisition.

Miscellaneous (income) expense, net, amounted to $39.1 million of income in 1982 and $13.8 million of expense in 1981. The 1982 income reflects a net, nonrecurring gain from operations sold, higher interest income, as well as gains from other product line disposals, partially offset by higher foreign exchange

Financial Review (continued)

losses. The 1981 period included non-tax deductible merger expenses of $9.3 million and provisions for discontinued products and plant relocations. Foreign exchange adjustments, net of taxes, reduced income by $24.2 million in 1982 and $9.1 million in 1981.

The effective tax rate was 39.8% in 1982 compared with 44.1% in 1981. This reduction was attributable to tax benefits on businesses sold and increased U.S. investment tax credits in 1982.

Liquidity and Capital Resources
Liquidity is the ability of a company to generate sufficient cash to meet its operating needs such as payroll, materials and services, as well as capital expenditures, debt repayments and dividends to shareholders. In 1983, funds from operations provided $522.9 million, up from $445.8 million in 1982. The 1983 amount exceeded requirements for capital expenditures and dividend payments by $134.0 million. Barring the occurrence of any unusual events, management believes that internally-generated funds will be more than adequate to fund continuing operating requirements in the foreseeable future. Moreover, management believes that the Company will be able to fund a dividend payout ratio approximating current levels.

During the year, the Company purchased 7.1 million shares of its common stock for $271 million. The Company also successfully tendered for most of its outstanding preferred shares at a cost of $5 million. In addition, the Company retired certain portions of various long-term debt issues aggregating $196 million principal amount.

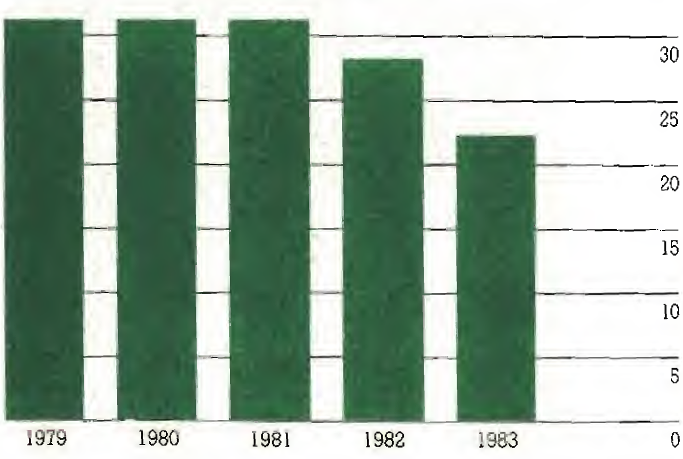
The Company has and will continue to consider investment opportunities, such as acquisitions and joint ventures, which might have a potential effect on the Company's future liquidity. Such investments could be financed through a combination of debt or equity offerings, use of available cash and short-term investment funds, or the exercise of any of the Company's substantial unused lines of credit. At year-end 1983, the percent of long-term debt to total capital was 22% compared to 28% at the end of 1982.

The Company has been and will continue to be exposed to foreign currency exchange rate risks in its international operations. On an overall basis, this risk is reduced since the Company operates in many foreign countries and employs various financing strategies to help negate any adverse effects of foreign currency exchange rate fluctuations. The ability of these international operations to generate local profits and cash flows is primarily dependent upon local economic factors. The ability to repatriate funds to the U.S. is dependent upon local governmental control over foreign exchange.

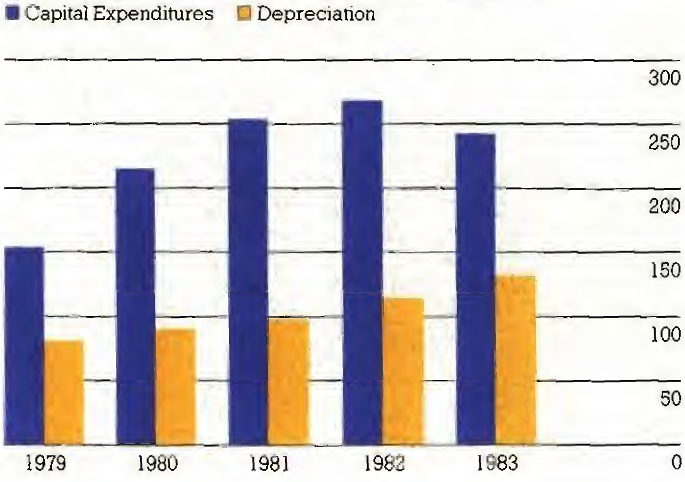
In 1983 capital expenditures were $240.9 million. These expenditures were made in order to achieve stated productivity goals, build new production facilities and equip existing facilities with the latest technology. The funds utilized in these improvements were generated primarily from operations. The Company had commitments for Property, plant and equipment which approximated $100 million at December 31, 1983.

Management expects to invest increasing amounts of capital resources in the future to expand, maintain, and improve the efficiencies of the Company's production and distribution facilities. It is anticipated that capital

Long-Term Debt to Capitalization (Percent)



Capital Expenditures and Depreciation (Millions of dollars)



expenditures will approximate $300 million in 1984. The Company expects to meet these requirements primarily through the use of internally-generated funds.

Stock Market Prices and Dividends

The principal market for the Company's common stock is the New York Stock Exchange. The quarterly high and low prices of Nabisco Brands, Inc., common stock were as follows:

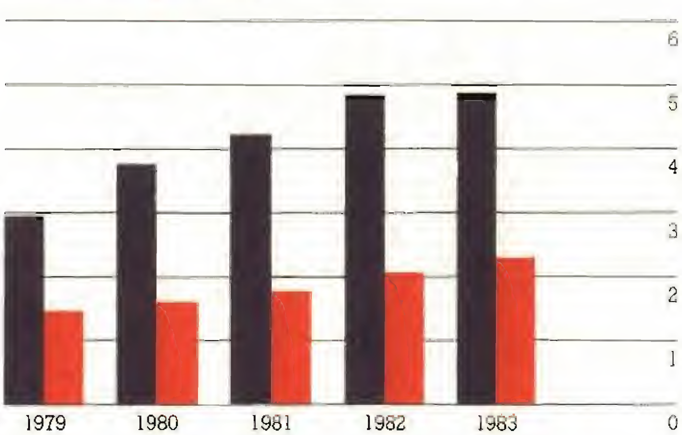
	Common Stock	
1983	High	Low
First Quarter	$38⅞	$33½
Second Quarter	39½	33⅝
Third Quarter	40⅝	34⅝
Fourth Quarter	44⅝	39½
1982		
First Quarter	$35	$29⅛
Second Quarter	36¼	32
Third Quarter	40	30½
Fourth Quarter	42¾	34¼

The Company declared a common dividend of 57¢ per share in each of the 1983 quarters, an annualized rate of $2.28 per share. The Company declared a common dividend of 51¼¢ in each of the 1982 quarters, an annualized rate of $2.05 per share. The Company declared a common dividend of 62¢ per share in the first quarter of 1984, payable April 10, 1984. This represents a new annualized rate of $2.48 per share.

Total dividends declared on common stock in 1983 were $150.5 million, compared with $133.5 million in 1982. Preferred dividends were paid at the quarterly rate of 87½¢ per share on the $3.50 cumulative preferred stock during 1983 and 1982 for an aggregate of $.2 million in 1983 and $.4 million in 1982. The approximate number of common shareholders of record at December 31, 1983, was 99,400.

Net Income and Dividends Per Common Share (Dollars)

■ Net Income ■ Dividends



Interim Results (Unaudited)

The following is a summary of the interim results of operations for the years ended December 31, 1983 and 1982:

(In millions, except per share data)

1983	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$1,387.6	$1,456.6	$1,471.8	$1,669.2
Gross profit	507.9	559.0	556.4	632.0
Net income	59.3	77.2	85.2	100.9
Net income per common share	.86	1.14	1.30	1.56
1982				
Net sales	$1,403.9	$1,520.6	$1,458.3	$1,488.3
Gross profit	488.1	569.2	545.0	568.6
Net income	59.2	70.5	81.6	103.4
Net income per common share	.93	1.11	1.25	1.54

Supplementary Information on the Effects of Inflation (Unaudited)

General Background–The Company's historical cost financial statements are not intended to measure the effects of changing prices or relative economic value in an inflationary environment. The Company provides estimates of the impact of inflation on its operations in accordance with Financial Accounting Standards Board Statement No. 33, "Financial Reporting and Changing Prices", as amended.

The accompanying supplementary information presents current cost information on the effects of inflation computed by measuring the specific price changes that occurred in the resources the Company uses. To compute the current cost of Property, plant and equipment and related depreciation expense, current appraisal values or industrial indices for buildings, machinery and equipment were utilized and applied to historical costs based on the dates these assets were acquired. The historical Cost of sales, exclusive of depreciation, was adjusted to compensate for price changes during the inventory holding and production periods by developing internal price indices. Inventories were restated using similar methods based on latest available costs to produce or purchase them at the respective

measurement dates. Such assets in foreign currency financial statements were adjusted to reflect current values and then translated from the functional currency, generally the local currency of each country, into U.S. dollars at current exchange rates. Adjustments to current cost information to reflect the effects of general inflation are based on the U.S. Consumer Price Index/Urban.

Consolidated Statement of Income Adjusted for the Effects of Changing Prices

	Year Ended December 31, 1983	
(In millions, except per share data)	Historical Basis	Adjusted for Changes in Specific Prices (Current Cost)
Net sales	$5,985.2	$5,985.2
Cost of sales	3,650.8	3,669.1
Depreciation expense	131.1	206.7
Other expenses	1,560.4	1,560.4
Interest expense	76.8	76.8
Provision for income taxes	243.5	243.5
Net income	$ 322.6	$ 228.7
Net income per common share	$4.86	$3.45
Gain from decline in purchasing power of net monetary liabilities		$34.4
Increase in specific prices of inventories and property, plant and equipment held during the year[1]		$ 34.2
Less effect of increase in general price level		(113.1)
Excess of increase in general price level over changes in specific prices		$ (78.9)
Foreign currency translation adjustment		$(107.9)

[1]At December 31, 1983, the Current Cost of Inventory was $759.6 million and the Current Cost of Property, plant and equipment, net of accumulated depreciation, was $2,231.2 million.

Management's Overview–For the year ended December 31, 1983, reported net income would be reduced by 29% when restated for changes in specific prices. This decrease is due in part to increased depreciation of $75.6 million, due to the higher property values, and increased cost of sales of $18.3 million, resulting from the higher costs to manufacture and sell products during inflationary times. The assumptions underlying these increases in depreciation and cost of sales are not necessarily valid because management would ordinarily replace existing assets with those of improved technology instead of replacing existing fixed assets with identical assets at higher prices as reflected by changes in the specific price indices used. Additionally, higher cost of sales resulting from higher inventory costs may be recovered through higher selling prices.

The gain of $34.4 million from decline in purchasing power of net monetary liabilities results from the assumed repayment of monetary liabilities with dollars of lesser value due to the effects of inflation.

The excess of increase in general price level over change in specific prices results from the fact that the costs of acquiring the Company's inventories and property, plant and equipment do not necessarily follow the same inflationary pattern as overall consumer prices. For example, specific commodity prices may not move in the same relationship as consumer prices.

The foreign currency translation adjustment results from the decline in exchange rates on the current cost amounts of net assets. The $107.9 million indicated that, on an overall basis, the U.S. dollar strengthened against the currencies in other countries in which Nabisco Brands operates.

Five-Year Comparison–This schedule includes a five-year comparison of selected items as reported in the primary financial statements, together with corresponding amounts adjusted for the effects of inflation, expressed in terms of average 1983 dollars.

Historical net sales of ongoing businesses show a compound annual growth rate of 8%, while inflation-adjusted sales indicate a slight increase.

During the five-year period, the Company increased common dividends every year. In real terms, this has enabled shareholders to more than maintain their purchasing power. At the same time, the Company has been able to accumulate funds to pursue an active program of capital expenditures to modernize and upgrade facilities and to make acquisitions for future growth.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted for the Effects of Changing Prices

(Dollars in millions, except per share data)	1983	1982	1981	1980	1979
Net sales–Total					
Historical cost	**$5,985.2**	$5,871.1	$5,819.2	$5,587.2	$4,975.3
Constant dollar	**5,985.2**	6,060.1	6,377.1	6,755.5	6,829.2
Net sales–Ongoing businesses					
Historical cost	**$5,985.2**	$5,463.4	$5,049.7	$4,848.8	$4,349.7
Constant dollar	**5,985.2**	5,639.3	5,533.8	5,862.8	5,970.6
Net income					
Historical cost	**$322.6**	$314.7	$266.3	$234.8	$186.5
Current cost	**228.7**	254.0	157.0	114.8	100.0
Net income per common share					
Historical cost	**$4.86**	$4.83	$4.21	$3.73	$2.97
Current cost	**3.45**	3.90	2.48	1.82	1.59
Net assets at year end					
Historical cost	**$1,710.8**	$1,835.9	$1,522.8	$1,344.1	$1,200.3
Current cost	**2,386.4**	2,639.2	2,579.5	2,472.6	2,483.5
Excess of increase in general price level over changes in specific prices	**$(78.9)**	$(196.6)	$(43.9)	$(110.4)	$(96.5)
Gain on net monetary liabilities	**$34.4**	$41.1	$88.7	$115.6	$134.5
Cash dividends declared per common share					
Historical cost	**$2.28**	$2.05	$1.77	$1.60	$1.45
Constant dollar	**2.28**	2.12	1.94	1.93	1.99
Market price per common share at year end					
Historical cost	**$41.00**	$36.75	$31.00		
Constant dollar	**40.31**	37.51	32.86		
Average consumer price index (1967 = 100)	**298.4**	289.1	272.3	246.8	217.4

General Conclusions–Although the current cost approach used in adjusting historical amounts for inflation involves the use of estimates and assumptions which might render the results misleading, it is our opinion that this method provides a general indication of the effects of changing prices on the Company's cash flow and capital base.

To minimize the impact of inflationary cost pressures, it has been and will continue to be the Company's practice to maintain margins through improved production and distribution efficiencies, economies of scale and, as a last resort, to pass inflationary cost increases along to the consumer in the form of higher prices.

The most glaring revelation made by these disclosures points to the fact that changes in taxation laws concerning depreciation, like the Economic Recovery Tax Act of 1981, are needed to mitigate the impact of inflation on the capital formation process. It is apparent that, when historical income tax expense is applied against income restated for the effects of changes in specific prices, effective tax rates soar. The effect of inflation is not deductible for tax purposes in the U.S. and results in the shrinking of corporate profits available for capital formation. In the opinion of management, this continues to be one of the major causes of the lack of growth in productivity in the U.S.

Responsibility for Financial Statements

Nabisco Brands, Inc., is responsible for the preparation, integrity and accuracy of its financial statements as well as all other information included in the Annual Report. The statements have been prepared in conformity with generally accepted accounting principles using management's best estimates and judgments, where appropriate.

The system of internal control of Nabisco Brands, Inc., and its subsidiaries is designed to provide reasonable assurance that the books and records accurately reflect the transactions of the Company and that established policies and procedures are followed. This system is augmented by written policies and guidelines, a strong program of internal audit and the careful selection and training of qualified personnel.

Coopers & Lybrand, independent certified public accountants, have made an examination of the financial statements in accordance with generally accepted auditing standards that include tests of transactions and selective tests of internal accounting controls. The Audit Committee of the Board of Directors, consisting solely of nonemployee directors, meets regularly with the internal and independent auditors and management–both jointly and separately–to review accounting, auditing and financial reporting matters. Both the internal and independent auditors have direct access to the Audit Committee.

R M Schaeberle

Robert M. Schaeberle
Chairman and Chief
Executive Officer

E J Robinson

Edward J. Robinson
Senior Vice President
and Controller

Report of Independent Accountants

To the Shareholders of Nabisco Brands, Inc.:

We have examined the consolidated balance sheet of Nabisco Brands, Inc., and its consolidated subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, shareholders' equity and changes in financial position for the years ended December 31, 1983, 1982 and 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Nabisco Brands, Inc., and its consolidated subsidiaries as of December 31, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for the years ended December 31, 1983, 1982 and 1981, in conformity with generally accepted accounting principles. The accounting principles were consistently applied, except for the change in 1982, with which we concur, in the method of accounting for foreign currency translation as described in the notes to the consolidated financial statements.

80 Park Plaza
Newark, N.J. 07102
January 31, 1984

Coopers & Lybrand

Consolidated Statement of Income

NABISCO BRANDS

(In millions, except per share data)	1983	Year Ended December 31 1982	1981
Net sales	**$5,985.2**	$5,871.1	$5,819.2
Cost of sales	**3,729.9**	3,700.2	3,927.3
Gross profit	**2,255.3**	2,170.9	1,891.9
Selling, general and administrative expenses	**1,627.2**	1,597.0	1,338.8
Operating income	**628.1**	573.9	553.1
Interest expense	**76.8**	89.9	63.3
Miscellaneous (income) expense, net	**(14.8)**	(39.1)	13.8
Income before income taxes	**566.1**	523.1	476.0
Income taxes			
Current			
United States	**90.3**	75.6	105.1
Foreign	**78.5**	74.6	82.7
State and local	**12.6**	19.6	19.9
Deferred	**62.1**	38.6	2.0
Total income taxes	**243.5**	208.4	209.7
Net income	**$ 322.6**	$ 314.7	$ 266.3
Net income per common share	**$4.86**	$4.83	$4.21
Average common shares outstanding (000)	**66,310**	65,026	63,142

See Notes to Consolidated Financial Statements on pages 54 through 59.

Consolidated Balance Sheet

ASSETS (In millions)	December 31 1983	1982*
Current assets		
Cash	$ 34.7	$ 39.5
Short-term investments, at cost which approximates market	216.1	455.7
Accounts receivable, net of allowances	620.6	590.5
Inventories	766.3	833.1
Prepaid expenses	25.0	34.4
Total current assets	1,662.7	1,953.2
Property, plant and equipment		
Land	41.3	40.0
Buildings	581.8	541.6
Machinery and equipment	1,752.5	1,678.0
	2,375.6	2,259.6
Less, accumulated depreciation	867.5	784.8
Property, plant and equipment, net	1,508.1	1,474.8
Other assets	133.7	174.8
Goodwill and other intangibles, net of amortization	321.0	321.5
Total assets	$3,625.5	$3,924.3

See Notes to Consolidated Financial Statements on pages 54 through 59.
*Restated. See Note on Business acquisitions.

LIABILITIES (In millions)	December 31 1983	1982*
Current liabilities		
Short-term borrowings	$ 39.0	$ 45.6
Current maturities of long-term debt	42.2	54.6
Accounts payable	370.5	393.9
Accrued liabilities	514.6	475.5
Dividend payable	38.7	36.0
Income taxes payable	73.6	59.6
Total current liabilities	1,078.6	1,065.2
Long-term debt	482.0	702.2
Other liabilities	110.2	130.0
Deferred income taxes	243.9	191.0
SHAREHOLDERS' EQUITY		
Common stock, par value $2.00, shares authorized 200,000,000	139.2	139.1
Preferred stock, redemption value $100	2.2	12.0
Additional paid-in capital	275.6	268.9
Retained earnings	1,680.2	1,508.3
Cumulative translation adjustments	(151.4)	(92.1)
Treasury stock, at cost	(235.0)	(.3)
Total shareholders' equity	1,710.8	1,835.9
Total liabilities and shareholders' equity	$3,625.5	$3,924.3

Consolidated Statement of Changes In Financial Position

NABISCO BRANDS

(In millions)	1983	Year Ended December 31 1982*	1981
Funds from operations			
Net income	**$ 322.6**	$314.7	$266.3
Charges (credits) to income not affecting funds from operations:			
Depreciation and amortization	**138.2**	119.9	99.9
Deferred income taxes	**62.1**	38.6	2.0
Net gain on operations divested	**—**	(27.4)	—
Total funds from operations	**522.9**	445.8	368.2
Funds from (used for) nonfinancing activities			
Disposals of property, plant and equipment	**39.8**	19.9	26.2
Increase (decrease) in other liabilities	**(11.6)**	13.5	16.5
Effect of exchange rate changes on working capital	**(41.1)**	(30.4)	—
Decrease (increase) in working capital, excluding cash and short-term investments:			
Accounts receivable	**(30.1)**	5.9	3.7
Inventories	**66.8**	90.2	(25.9)
Prepaid expenses	**9.4**	(8.4)	(2.5)
Short-term debt	**(19.0)**	(44.6)	27.0
Accounts payable and accrued liabilities	**15.7**	(19.2)	85.8
Income taxes	**14.0**	(27.2)	(29.1)
Proceeds from operations divested	**—**	201.1	—
Other sources (uses), net	**22.4**	11.7	28.0
Funds from (used for) nonfinancing activities	**66.3**	212.5	129.7
Total funds available before financing activities	**589.2**	658.3	497.9
Funds from (used for) financing activities			
Additions to long-term debt	**23.9**	24.5	191.5
Reductions in long-term debt	**(239.4)**	(53.8)	(104.5)
Common stock issued	**38.5**	225.3	25.6
Common and preferred stock acquired	**(276.2)**	(.9)	(1.6)
Investments in tax lease benefits	**—**	(48.6)	—
Realization of investments in tax lease benefits	**16.4**	33.3	—
Funds from (used for) financing activities	**(436.8)**	179.8	111.0
Total funds provided	**152.4**	838.1	608.9
Uses of funds			
Capital expenditures	**240.9**	266.6	252.0
Businesses acquired, excluding cash and short-term investments	**7.9**	162.2	281.3
Cash dividends paid	**148.0**	127.7	96.3
Total funds used	**396.8**	556.5	629.6
Increase (decrease) in cash and short-term investments	**$(244.4)**	$281.6	$ (20.7)

See Notes to Consolidated Financial Statements on pages 54 through 59.

*Restated. See Note on Business acquisitions.

Consolidated Statement of Shareholders' Equity

	Common Stock				$3.50 Cumulative Preferred		Additional Paid-in Capital	Cumulative Translation Adjustments	Retained Earnings
(Shares in thousands)	Issued		Treasury Stock						
(Dollars in millions)	*Shares*	Amount	*Shares*	Amount	*Shares*	Amount			
Balance, December 31, 1980	*62,105*	$124.2	*(5)*	$ —	*125*	$12.5	$ 34.6		$1,172.8
Net income									266.3
Dividends declared									(111.6)
Issued in connection with:									
Employee benefit plans	*110*	.2	*39*	.9			2.5		
Dividend Reinvestment and Stock Purchase Plan	*221*	.5					5.3		
Convertible debentures	*667*	1.3					14.9		
Treasury stock acquired			*(39)*	(1.0)	*(5)*	(.5)	(.1)		
Balance, December 31, 1981	*63,103*	126.2	*(5)*	(.1)	*120*	12.0	57.2		1,327.5
Cumulative translation adjustments at beginning of year								$(38.5)	
Net income									314.7
Dividends declared									(133.9)
Issued in connection with:									
Employee benefit plans	*339*	.7					10.0		
Dividend Reinvestment and Stock Purchase Plan	*316*	.6					10.0		
Acquisitions	*2,825*	5.6	*20*	.7			105.4		
New offering	*3,000*	6.0					86.3		
Translation adjustments								(53.6)	
Treasury stock acquired			*(25)*	(.9)					
Balance, December 31, 1982	*69,583*	139.1	*(10)*	(.3)	*120*	12.0	268.9	(92.1)	1,508.3
Net income									322.6
Dividends declared									(150.7)
Issued in connection with:									
Employee benefit plans	*58*	.1	*189*	7.1			1.5		
Dividend Reinvestment and Stock Purchase Plan	*3*	—	*760*	28.0			.6		
Purchase of minority interest			*42*	1.5					
1982 acquisition adjustment	*(11)*	—					(.3)		
Translation adjustments								(59.3)	
Treasury stock acquired			*(7,128)*	(271.3)					
Stock acquired and retired					*(98)*	(9.8)	4.9		
Balance, December 31, 1983	***69,633***	**$139.2**	***(6,147)***	**$(235.0)**	***22***	**$ 2.2**	**$275.6**	**$(151.4)**	**$1,680.2**

See Notes to Consolidated Financial Statements on pages 54 through 59.

Notes to Consolidated Financial Statements

Summary of significant accounting policies

Consolidation–In July, 1981, Nabisco, Inc. and Standard Brands Incorporated became wholly-owned subsidiaries of Nabisco Brands, Inc. through a merger accounted for as a pooling-of-interests. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Investments in 20%-to 50%-owned affiliates in which management has the ability to exercise significant control are included using the equity method of accounting. The Company's share of results of operations from these affiliates is recorded in Miscellaneous (income) expense, net. Other investments in affiliates are carried at cost. All significant intercompany accounts and transactions have been eliminated. The financial statements of international subsidiaries, except Canada, are included on the basis of a November 30 fiscal year, to facilitate prompt reporting of year end consolidated results.

Inventories are valued principally at the lower of average cost or market.

Property, plant and equipment are recorded at cost. For financial reporting purposes, Depreciation expense is generally provided on a straight-line basis, using estimated useful lives of 20 to 40 years for Buildings and 3 to 20 years for Machinery and equipment.

Expenditures that result in the enhancement of the assets involved are capitalized. Maintenance and repair costs are expensed when incurred. Upon sale or other disposition, any gain or loss is included in income.

Facilities leased under capital leases are recorded in Property, plant and equipment, with corresponding obligations carried in Short- and Long-term debt. The amount capitalized is the lower of the present value of minimum lease payments or the fair value of the leased property. Depreciation on capital leases is recorded on a straight-line basis, generally over the lease term.

Goodwill and other intangibles, net of amortization–Intangible assets acquired after October 31, 1970, are amortized on a straight-line basis over periods not exceeding 40 years. Most intangibles acquired prior to October 31, 1970, are not being amortized since the Company believes there has been no diminution in the value of these assets. Of the balance at December 31, 1983, $270 million of intangibles are being amortized.

Income taxes–Deferred income taxes, principally U.S. Federal taxes, are provided for timing differences between financial and taxable income. Such differences result primarily from the use of accelerated cost recovery methods for tax purposes, which provide more depreciation expense in the early years than in the later years of the lives of the assets being depreciated. The U.S. investment tax credit, earned on qualified capital additions, is accounted for by the flow-through method, which reduces income tax expense in the year the additions are placed in service.

U.S. Federal taxes are provided on undistributed earnings of foreign subsidiaries that are not considered indefinitely reinvested. If the reinvested foreign earnings were remitted, it is expected that the amount of U.S. Federal taxes required would not be significant because of the availability of foreign tax credits. U.S. tax benefits were purchased in 1982 under the leasing provisions of the Economic Recovery Tax Act of 1981. As tax benefits are realized, the investment in tax lease benefits, included in Other assets, is reduced.

Foreign currency translation–At the beginning of 1982, the Company adopted FASB Statement No. 52, "Foreign Currency Translation", which changed the method of accounting for the translation of foreign currency financial statements. Financial statements for years prior to 1982 have not been restated for this change, due to the non-comparability of results since the Company used forward foreign exchange contracts to hedge certain accounting exposures under the former accounting rules.

Under the current method, assets and liabilities of foreign operations are generally translated at the current exchange rate at the balance sheet date, rather than at current and historical rates. The related translation adjustments are reported as a separate component of Shareholders' equity and are not included in net income until an operation is sold or liquidated. The principal effect of applying the new accounting method was to decrease Working capital, Property, plant and equipment, net, and Shareholders' equity. For operations in highly inflationary countries, the former translation method continues in use and the related foreign exchange adjustments are included in net income.

Business acquisitions–In December, 1982, the Company completed the acquisition of Huntley & Palmer Foods for $159 million in cash and stock. In 1982, the purchase price was included in Other assets. In 1983, the determination of the fair value of the net assets acquired was completed, which resulted in goodwill of $85 million. The December 31, 1982, balance sheet and related financial data have been restated to reflect the allocation of the purchase price.

On December 30, 1981, the Company purchased substantially all of the assets, subject to certain liabilities, of Life Savers, Inc., a manufacturer of hard-roll candy and chewing gum, for $260 million.

The above acquisitions have been accounted for using the purchase method of accounting and are included in the consolidated financial statements from their respective dates of acquisition. Neither of these acquisitions was material to the consolidated results of operations.

Business dispositions–During the fourth quarter of 1982, the Company sold The J.B. Williams Company, Inc., (toiletries and pharmaceuticals), Julius Wile Sons & Co. Inc., (U.S. wine and spirits) along with a minority interest in All Brand Importers, Inc., (imported beer business) and Hygiene Industries and Everlon Fabrics (household accessories businesses) for an aggregate of $255 million in cash and long-term receivables.

These 1982 sales resulted in a net, nonrecurring gain of $27.4 million, after a tax credit of $8.5 million, or $.42 per common share.

Additionally, during the last three years, the Company acquired and disposed of a number of other businesses. The combined sales and operating income of all of these businesses were not material to the Company's consolidated financial statements.

Operation leased–In June, 1982, the Company entered into a net operating lease whereby the Company leased its corn wet-milling facilities located at Clinton, Iowa, and Montezuma, New York, to Archer-Daniels-Midland Company (ADM). The lease term is for thirteen years, subject to certain purchase, sale and renewal options beginning after the sixth year. The lessee is responsible for all operating costs for these facilities over the lease term. The terms of the lease are such that it is anticipated there will be no material impact on the Company's earnings over the life of the lease. Refer to the Litigation note for a discussion of the Department of Justice suit filed against the Company and ADM to rescind the lease.

As of December 31, 1983 and 1982, Property, plant and equipment, net, includes approximately $185 million, and $200 million, net of $141 million and $126 million of accumulated depreciation, respectively, related to the leased corn wet-milling facilities.

Short-term investments consist principally of certificates of deposit and time deposits, and also include commercial paper and various government securities.

Inventories consist of the following:

	December 31	
(In millions)	**1983**	1982
Finished products	**$325.7**	$371.7
Products in process	**51.9**	59.2
Raw materials and supplies	**388.7**	402.2
Total	**$766.3**	$833.1

Other assets consist of deferred charges, investments in and advances to unconsolidated affiliates, investments in tax lease benefits and non-current receivables related to the sales of certain businesses.

Short-term borrowings–The Company has $120 million in bank lines of credit in the U.S. and Canada, providing it with future domestic and international credit availability and support for the issuance of commercial paper. Worldwide unused lines of credit, including the above, amounted to $252 million at year end. Short-term borrowings at December 31, 1983, consist principally of domestic commercial paper and bank loans of international subsidiaries. Short-term borrowings at December 31, 1982, consist principally of bank loans of international subsidiaries. The interest rates shown in the table below reflect the high rates in the highly inflationary countries of Latin America in which the Company operates. Other information follows:

(Dollars in millions)	**1983**	1982	1981
Average amount outstanding during the year (based on daily amounts)	**$71.7**	$60.8	$62.0
Weighted-average interest rate during the year (based on actual interest and related average borrowings)	**14.5%**	19.9%	20.0%
Maximum amount outstanding at any month end	**$95.8**	$101.8	$79.4
Weighted-average interest rate at December 31	**19.0%**	19.3%	24.6%

Accrued liabilities consist of the following:

	December 31	
(In millions)	**1983**	1982
Payrolls	**$122.7**	$122.3
Insurance	**61.7**	47.8
Unredeemed coupons	**48.0**	37.7
Taxes, other than income taxes	**46.4**	38.9
Pensions	**43.9**	35.9
Trade discounts	**24.5**	37.6
Interest	**7.4**	14.4
Other	**160.0**	140.9
Total	**$514.6**	$475.5

Notes to Consolidated Financial Statements (continued)

Long-term debt consists of the following obligations:

(In millions)	December 31 1983	1982
12⅜% Promissory Notes due 1984	$ 30.0	$ 30.0
12% Bank Term Loan due 1985	–	40.0
4¾% Subordinated Debentures due 1987	19.9	19.9
14⅝% Promissory Notes due 1988	55.0	155.0
6¾% Sinking Fund Debentures due 1993	25.9	27.0
9¾% Canadian Sinking Fund Debentures due 1997	17.5	18.6
8.45% Promissory Notes due 1998	50.0	50.0
14% Canadian Sinking Fund Debentures due 2000	24.1	24.3
7¾% Sinking Fund Debentures due 2001	36.2	71.4
7¾% Sinking Fund Debentures due 2003	60.0	65.0
9½% Sinking Fund Debentures due 2004	35.4	40.8
Capitalized Lease Obligations	84.7	89.9
Other	85.5	124.9
	524.2	756.8
Less, current maturities	42.2	54.6
Total	$482.0	$702.2

The various debenture and other note issues generally require annual payments until final maturity. During 1983, the Company prepaid certain notes and sinking fund installments through the repurchase of $121 million principal amount of notes and debentures. In addition, the Company prepaid $75 million principal amount of the 14⅝% Promissory Notes, and has arranged to prepay the remaining $55 million of these notes in April, 1984, with the proceeds of a bank loan due 1987 at 11.7% interest.

The combined maturities and sinking fund obligations for all long-term debt issues during the next five years are as follows (in millions): 1984, $42.2; 1985, $33.6; 1986, $33.1; 1987, $56.0 and 1988, $26.7.

Other liabilities consist primarily of pension accruals, employee termination and plant closing costs, deferred incentive compensation liabilities, royalties and minority interests. Pension accruals have been established to cover obligations of subsidiaries operating in countries where it is customary for companies to administer their own pension plans.

Retirement plans–The Company has pension plans covering substantially all employees. Generally, accrued pension costs for most plans are funded by deposits with trustees. Certain U.S. pension plans administered by unions are funded through fixed levels of contributions established pursuant to collective bargaining agreements.

The total pension expense for all plans determined under various actuarial cost methods was $82.5 million in 1983, $72.6 million in 1982 and $75.4 million in 1981. Pension expense includes a provision for current service costs and, where applicable, amortization of prior service costs, principally over 30 years. The principal reasons for the increase in pension expense in 1983 were improvements in benefits for certain domestic plans and the inclusion of Huntley & Palmer Foods, partially offset by operations divested in 1982. The reduction in pension expense in 1982 was due to changes in actuarial methods and interest rate assumptions, to conform the practices of the principal domestic pension plans.

A comparison of accumulated plan benefits based on actuarial valuations and plan net assets, generally as of January 1 of each year, the most recent actuarial valuation dates for the Company's principal domestic defined benefit pension plans is as follows:

(In millions)	1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	$449.3	$371.4
Non-vested	42.3	33.8
Total	$491.6	$405.2
Net assets available for benefits	$433.1	$345.2

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits for these plans was 9% in both 1983 and 1982.

The Company's foreign pension plans are not required to report to certain U.S. government agencies pursuant to the Employee Retirement Income Security Act and do not otherwise determine the actuarial present value of accumulated plan benefits. At the most recent actuarial valuation dates for these plans, the value of plan assets exceeded the aggregate estimated vested benefits.

Incentive compensation–The Nabisco Brands Key Employee Performance Pay Program, as approved by the shareholders in May 1982, provides for both annual and long-term incentive awards to employees selected by the Compensation Committee of the Board of Directors. Annual incentive award amounts, payable in cash, are based on the attainment of corporate or

component financial objectives and individual personal performance objectives. Long-term incentive award amounts are contingent upon the degree of attainment of predetermined earnings growth goals over periods of at least four years and are payable in cash or in a combination of cash and common stock. Awards may be paid currently or deferred. Provisions for the current plan and former plans were $13.8 million, $18.7 million and $15.7 million in 1983, 1982 and 1981, respectively.

Stock option plans of the predecessor companies have been terminated, except with respect to previously granted options. During 1983, options granted in prior years to purchase 40,302 shares were exercised at prices ranging from $16.50 to $26.63 per share and options to purchase 3,006 shares expired. Options for 53,710 shares are outstanding and exercisable at December 31, 1983, at prices ranging from $16.50 to $28.38 per share.

Capital stock–The Company's Dividend Reinvestment and Stock Purchase Plan permits common shareholders to purchase additional common stock through reinvestment of their dividends and by additional optional cash investment.

The Company maintains an Employee Stock Ownership Plan for the benefit of U.S. salaried employees, whereby the Company contributes and deposits shares of common stock with a trustee, equal in market value to the maximum amount allowable for such plans under applicable income tax regulations.

The Company's Employee Stock Purchase Plan permits U.S. salaried employees to purchase shares of the Company's common stock through contributions of up to 5% of their annual salary. The Company matches 20% of such contributions.

The Company is authorized to issue up to 50,000,000 shares of preferred stock, par value $1.00.

Foreign exchange adjustments–Charges to income, net of taxes, were $23.8 million in 1983 and $24.2 million in 1982. Foreign exchange adjustments under the former translation method amounted to charges, net of taxes, of $9.1 million in 1981. Prior to 1982, forward foreign exchange contracts were used to hedge certain foreign inventory and translation exposures. The difference between translating such exposed inventories at historical versus current rates had an unfavorable effect on cost of sales of $12.3 million in 1981.

Income taxes–The components of pretax income were as follows:

(In millions)	**1983**	1982	1981
Pretax income:			
Domestic	**$357.2**	$342.1	$302.5
Foreign	**208.9**	181.0	173.5
Total pretax income	**$566.1**	$523.1	$476.0

Reconciliations of the U.S. statutory tax rate with the effective tax rates reported are as follows:

	1983	1982	1981
U.S. statutory rate	**46.0%**	46.0%	46.0%
State and local income taxes, net of federal tax benefit	**1.2**	2.0	2.2
U.S. investment tax credit	**(1.6)**	(4.0)	(3.3)
Tax benefits on businesses sold	**–**	(3.3)	–
Other, net	**(2.6)**	(.9)	(.8)
Effective tax rate	**43.0%**	39.8%	44.1%

Deferred income tax provisions, principally U.S. Federal taxes, result principally from the use of accelerated cost recovery methods in each year. As a result of the 1982 investments in tax lease benefits, the Company was able to reduce its current income taxes payable by $16 million and $33 million in 1983 and 1982, respectively. These reductions in income taxes paid have not affected the provisions for income taxes in the consolidated statement of income.

The Company has indefinitely reinvested approximately $515 million of foreign subsidiaries' retained earnings to meet their operating and long-term needs and, accordingly, no U.S. income taxes have been provided on these amounts.

Litigation–In December, 1982, the Antitrust Division of the Department of Justice filed a civil complaint against the Company and Archer-Daniels-Midland Company (ADM), seeking to rescind the lease to ADM of the Company's corn wet-milling facilities in Clinton, Iowa, and Montezuma, New York, and to obtain certain other relief.

Liability, if any, in the foregoing and various other legal proceedings and claims pending against the Company, cannot be presently ascertained, but, in the opinion of management and counsel, any ultimate liability from all pending legal proceedings and claims will not materially affect the Company's financial position or the results of its operations.

Notes to Consolidated Financial Statements (continued)

Business segment data–The Company's products are classified into four business segments. These are U.S. Bakery, composed of cookie and cracker products; U.S. Confectionery; U.S. Grocery, composed of nuts, margarines, dessert mixes, snack foods, yeast, vinegar, cereals, pet foods and imported beer; and International Operations, composed of cookies, crackers, nuts, confectionery, snack foods, cereals, pet foods, yeast, tobacco, wine and spirits and other products sold outside the U.S. Businesses sold or leased during 1982 have been classified into Operations Divested or Leased, and consisted of the following products: U.S. wine and spirits, corn wet-milling products (leased), household accessories, frozen foods, and toiletries and pharmaceuticals.

Corporate consists of the following unallocated items:
Operating Income–General and administrative expenses of corporate staff functions;
Identifiable Assets–Corporate cash, short-term investments, headquarters facilities and equipment, investments in and advances to unconsolidated affiliates, receivables related to businesses sold and investments in tax lease benefits;
Capital Expenditures–Additions to headquarters facilities and equipment; and
Depreciation Expense–Depreciation on headquarters facilities and equipment.

Business Segments (Dollars in millions)

	Net Sales		Operating Income		Identifiable Assets		Capital Expenditures		Depreciation Expense	
1983	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
U.S. Bakery Products	$1,600.0	27	$230.9	33	$ 558.2	16	$ 58.0	26	$ 30.5	24
U.S. Confectionery Products	530.2	9	60.4	9	532.1	16	17.5	8	13.0	10
U.S. Grocery Products	1,525.4	25	185.6	27	526.5	16	54.3	24	20.4	16
International Operations	2,329.6	39	216.9	31	1,567.4	47	95.4	42	48.2	38
Operation Leased	—	—	—	—	185.0	5	—	—	15.0	12
Total Segments	5,985.2	100	693.8	100	3,369.2	100	225.2	100	127.1	100
Corporate	—		(65.7)		256.3		15.7		4.0	
Total	$5,985.2		$628.1		$3,625.5		$240.9		$131.1	
1982										
U.S. Bakery Products	$1,520.0	26	$225.0	35	$ 645.4	19	$ 95.4	40	$ 30.1	28
U.S. Confectionery Products	528.5	9	47.0	7	365.9	11	10.1	4	11.7	11
U.S. Grocery Products	1,473.9	25	168.3	27	536.3	16	30.1	13	17.9	16
International Operations	1,941.0	33	194.3	31	1,605.6	48	88.0	37	31.2	29
Total Ongoing Businesses	5,463.4	93	634.6	100	3,153.2	94	223.6	94	90.9	84
Operations Divested or Leased	407.7	7	1.5	—	200.3	6	14.1	6	18.1	16
Total Segments	5,871.1	100	636.1	100	3,353.5	100	237.7	100	109.0	100
Corporate	—		(62.2)		570.8		28.9		4.5	
Total	$5,871.1		$573.9		$3,924.3		$266.6		$113.5	
1981										
U.S. Bakery Products	$1,412.8	24	$205.1	34	$ 574.2	17	$ 61.9	26	$28.0	29
U.S. Confectionery Products	265.9	5	23.2	4	438.4	13	8.4	4	3.4	4
U.S. Grocery Products	1,409.1	24	156.9	26	476.0	14	38.2	16	13.9	15
International Operations	1,961.9	34	177.9	30	1,215.9	37	77.7	33	30.8	32
Total Ongoing Businesses	5,049.7	87	563.1	94	2,704.5	81	186.2	79	76.1	80
Operations Divested or Leased	769.5	13	36.8	6	624.6	19	49.3	21	18.8	20
Total Segments	5,819.2	100	599.9	100	3,329.1	100	235.5	100	94.9	100
Corporate	—		(46.8)		198.6		16.5		1.8	
Total	$5,819.2		$553.1		$3,527.7		$252.0		$96.7	

Geographic Areas (Dollars in millions)

1983	Net Sales Amount	%	Operating Income Amount	%	Identifiable Assets Amount	%
United States	$3,655.6	61	$476.9	69	$1,616.8	48
Canada	698.2	12	64.7	9	368.2	11
United Kingdom	589.4	10	31.8	5	436.3	13
Continental Europe	548.5	9	48.9	7	386.2	12
Latin America	298.3	5	58.5	8	241.0	7
Other	195.2	3	13.0	2	135.7	4
Operation Leased	—	—	—	—	185.0	5
Total Segments	5,985.2	100	693.8	100	3,369.2	100
Corporate	—		(65.7)		256.3	
Total	$5,985.2		$628.1		$3,625.5	

1982	Net Sales Amount	%	Operating Income Amount	%	Identifiable Assets Amount	%
United States	$3,522.4	60	$440.3	69	$1,547.6	46
Canada	607.4	10	57.8	9	407.7	12
United Kingdom	249.5	4	21.2	4	462.7	14
Continental Europe	532.6	9	46.2	7	356.3	11
Latin America	373.8	7	57.1	9	259.4	8
Other	177.7	3	12.0	2	119.5	3
Total Ongoing Businesses	5,463.4	93	634.6	100	3,153.2	94
Operations Divested or Leased	407.7	7	1.5	—	200.3	6
Total Segments	5,871.1	100	636.1	100	3,353.5	100
Corporate	—		(62.2)		570.8	
Total	$5,871.1		$573.9		$3,924.3	

1981	Net Sales Amount	%	Operating Income Amount	%	Identifiable Assets Amount	%
United States	$3,087.8	53	$385.2	64	$1,488.6	45
Canada	599.9	10	56.4	10	351.1	11
United Kingdom	272.4	5	19.6	3	136.9	4
Continental Europe	551.0	10	36.8	6	382.7	11
Latin America	377.5	6	58.7	10	238.4	7
Other	161.1	3	6.4	1	106.8	3
Total Ongoing Businesses	5,049.7	87	563.1	94	2,704.5	81
Operations Divested or Leased	769.5	13	36.8	6	624.6	19
Total Segments	5,819.2	100	599.9	100	3,329.1	100
Corporate	—		(46.8)		198.6	
Total	$5,819.2		$553.1		$3,527.7	

Supplementary income statement information:

(In millions)	**1983**	1982	1981
Maintenance and repairs	**$126.2**	$132.4	$147.2
Depreciation	**$131.1**	$113.5	$ 96.7
Taxes, other than payroll and income taxes, principally property	**$ 39.6**	$ 33.1	$ 31.7
Media advertising	**$239.2**	$222.0	$191.3
Research and development	**$ 41.0**	$ 35.9	$ 29.2
Rent	**$ 43.6**	$ 46.2	$ 40.1

Leases–Amounts included in Property, plant and equipment under capital leases as of December 31 were as follows:

(In millions)	**1983**	1982
Buildings	**$ 68.0**	$ 68.0
Machinery and equipment	**50.0**	44.1
	118.0	112.1
Less, accumulated depreciation	**33.7**	28.1
Total	**$ 84.3**	$ 84.0

Capital leases relate to administrative facilities, warehousing facilities and manufacturing equipment. Operating leases cover facilities and equipment used by the Company for warehousing, transportation, administration and manufacturing. Future minimum payments under noncancelable leases with terms in excess of one year are:

(In millions)	Capital Leases	Operating Leases
1984	$ 10.3	$ 29.0
1985	9.7	21.7
1986	9.5	18.0
1987	9.4	16.7
1988	8.9	15.6
1989 and thereafter	123.9	70.3
Total minimum lease payments	171.7	$171.3
Less, amounts representing interest and executory costs	87.0	
Present value of minimum lease payments	$ 84.7	

Other financial information–Interim Results (Unaudited) appear on page 45 and Supplementary Information on the Effects of Inflation (Unaudited) appear on pages 45 through 47.

Eleven-Year Financial Summary

(Dollars in millions, except per share data)	1983	1982	1981	1980
Net sales	**$5,985.2**	$5,871.1	$5,819.2	$5,587.2
Operating income	**628.1**	573.9	553.1	501.0
Interest expense	**76.8**	89.9	63.3	65.0
Income from continuing operations before income taxes	**566.1**	523.1	476.0	420.1
Income from continuing operations	**322.6**	314.7	266.3	234.8
Net income	**322.6**	314.7	266.3	234.8
Per share of common stock:				
Income from continuing operations	**$ 4.86**	$ 4.83	$ 4.21	$ 3.73
Net income	**4.86**	4.83	4.21	3.73
Dividends declared	**2.28**	2.05	1.77	1.60
Shareholders' equity	**26.91**	26.22	23.94	21.44
Working capital	**$ 584.1**	$ 888.0	$ 761.9	$ 879.7
Capital expenditures	**240.9**	266.6	252.0	212.9
Depreciation expense	**131.1**	113.5	96.7	89.3
Property, plant and equipment, net	**1,508.1**	1,474.8	1,342.1	1,082.8
Total assets	**3,625.5**	3,924.3	3,527.7	3,031.6
Short-term debt	**81.2**	100.2	103.7	34.4
Long-term debt	**482.0**	702.2	699.1	600.4
Shareholders' equity	**1,710.8**	1,835.9	1,522.8	1,344.1
Average common shares outstanding (000)	**66,310**	65,026	63,142	62,833
Number of employees at year end	**69,700**	55,100	60,400	61,200
Effective income tax rate	**43.0%**	39.8%	44.1%	44.1%
Current ratio	**1.54:1**	1.83:1	1.73:1	2.02:1
Long-term debt to capitalization	**22%**	28%	31%	31%
Return on average common shareholders' equity	**19%**	19%	19%	19%

NABISCO BRANDS

	1979	1978	1977	1976	1975	1974	1973
	$4,975.3	$4,555.1	$4,166.1	$3,783.9	$3,704.8	$3,376.7	$2,741.6
	417.4	393.5	369.8	351.6	333.9	259.7	217.1
	58.9	54.6	51.6	50.9	56.6	58.3	36.5
	343.1	340.0	287.6	300.5	269.9	205.1	186.3
	186.5	179.1	173.5	151.8	132.3	105.4	97.8
	186.5	179.1	147.6	146.6	127.6	102.7	95.5
	$ 2.97	$ 2.86	$ 2.79	$ 2.45	$ 2.14	$ 1.71	$ 1.59
	2.97	2.86	2.37	2.36	2.06	1.67	1.55
	1.45	1.35	1.24	1.18	1.09	1.03	1.01
	19.23	17.64	16.09	14.91	13.67	12.65	11.93
	$ 755.8	$ 688.6	$ 584.2	$ 499.8	$ 489.6	$ 469.7	$ 433.1
	152.1	126.5	109.2	145.9	167.7	137.6	130.6
	79.7	77.1	67.4	62.0	58.5	53.9	49.2
	985.8	938.7	906.0	874.4	798.2	724.1	656.8
	2,682.1	2,530.2	2,321.0	2,136.6	2,027 0	2,035.4	1,728.1
	52.5	89.6	119.1	123.1	100.1	247.7	108.5
	528.9	521.7	513.2	480.2	502.2	504.0	448.8
	1,200.3	1,098.9	998.3	923.4	844.8	781.6	734.4
	62,606	62,469	62,139	61,864	61,645	61,313	61,170
	61,600	62,300	66,000	69,200	67,600	68,900	68,800
	45.6%	47.3%	39.7%	49.5%	51.0%	48.6%	47.5%
	2.03:1	1.98:1	1.98:1	1.88:1	1.92:1	1.76:1	2.02:1
	31%	32%	34%	34%	37%	39%	38%
	16%	17%	16%	17%	16%	14%	13%

Directors and Officers

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Group Vice President,
Advertising and Public Relations,
Avon Products, Inc.

Walter G. Dunnington, Jr.
Executive Vice President and
General Counsel,
Nabisco Brands, Inc.

Martin F. C. Emmett
Director, Burns, Fry Limited, and
Former Senior Executive Vice
President, Nabisco Brands, Inc.

Kenneth C. Foster
Former President,
The Prudential Insurance
Company of America

Mills E. Godwin, Jr.
Former Governor,
Commonwealth of Virginia

Dr. Helen A. Guthrie
Head of Nutrition Program,
Pennsylvania State University

Robert W. Haack
Former Chairman of the Board,
Lockheed Corporation, and
Former President, New York
Stock Exchange

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Retired Chairman of the Board,
The Continental Group, Inc.

James L. Hayes
Chairman of the Board,
American Management
Associations

Charles E. Hugel
President and
Chief Operating Officer,
Combustion Engineering, Inc.

F. Ross Johnson
President and
Chief Operating Officer,
Nabisco Brands, Inc.

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Chief Executive Officer,
Nabisco Brands, Inc.

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Nabisco Brands, Inc.

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American Can Company

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Treasurer

Andrew S. Barrett
Senior Vice President,
Personnel

Robert J. Carbonell
Senior Vice President

Michael M. Masterpool
Senior Vice President,
Corporate Affairs

Robert J. Powelson
Senior Vice President

Edward J. Robinson
Senior Vice President and Controller

John E. Willett
Senior Vice President

Richard H. Gavoor
Vice President

Ward M. Miller, Jr.
Vice President, Law and Secretary

J. Thomas Pearson
Vice President, Taxes

Dean R. Posvar
Vice President, Corporate Planning and Development

Keith C. Thompson
Vice President, Law

Carol S. Tutundgy
Vice President, Investor Relations

Emory G. Bass
General Auditor

Nabisco Brands USA

James O. Welch, Jr.
President

Robert J. Carbonell
Executive Vice President, Corporate Technology

Robert J. Powelson
Executive Vice President, Operations

John H. Clarke
Senior Vice President and Group Executive

Claude B. Hampton
Senior Vice President and Group Executive

Edward P. Redding
Senior Vice President and Group Executive

Peter N. Rogers
Senior Vice President and Group Executive; President, Biscuit Group

Raymond F. Wright
Senior Vice President, Finance

Henry J. Bornhofft, Jr.
President, Nabisco Confections, Inc.

Ted T. Lithgow, Jr.
President, Fleischmann Division

Paul Lohmeyer
Chairman, All Brand Importers, Inc.

Lawrence Kleinberg
President, Life Savers, Inc.

William B. McKnight
President, Grocery Products Division

John H. Murray
President, Margarine Division

G. F. Randolph Plass, Jr.
President, Planters Division

William J. Tobin
President, Food Service Division

Nabisco Brands Ltd (Canada)

John R. MacDonald
President and Chief Executive Officer

Fred R. Corrado
Executive Vice President, Operations

International Nabisco Brands

John E. Willett
President

H. F. Powell
Executive Vice President

H. John Greeniaus
Chief Executive Officer Nabisco Brands Ltd. (U.K.)

Charles W. Carleton
President, South American Operations

Frederick T. Kovaleski
President, Asia/Pacific Operations

Aldo L. Osti
President, European Operations

Anthony R. Pendry
President, Middle East, Africa and India Operations

Principal Locations

Argentina
Buenos Aires

Australia
Brisbane
Melbourne
Perth
Sydney

Brazil
Conchal
Escada
Governador Valadares
Itaperuna
Itapetinga
Jundiai
Pedreira
Petropolis
Piracicara
Registro

Canada
Amherst
Brampton
Bridgetown
Calgary
Dartmouth**
Hamilton
Joliette
Kelowna
Lasalle
Lethbridge
Mississauga
Montreal
Niagara Falls
Richmond
St. Boniface
Scarborough
Sherbrooke
Toronto
Vancouver
Weyburn
Winnipeg
White City

Chile
Santiago

Colombia
Medellin
Palmira

Costa Rica
San Jose

Denmark
Copenhagen
Hjoerring

Ecuador
Ambato
Guayaquil

France
Castelsarrasin
Champagnac
Chateau-Thierry
Evry
Nontron
Tain l' Hermitage

Guatemala
Guatemala City

Holland
Haarlem
Meppel
Rotterdam
Vaassen
Wormerveer

India
Bombay*
Calcutta*
Delhi*
Madras*

Ireland
Dublin*

Italy
Genoa
Liscate
Locate
Milan

Jamaica
Spanish Town

Japan
Koga*

Malaysia
Johor Baharu

Mexico
Celaya*
Guadalajara*
Merida*
Mexico City
Monterrey*
Obregon*

New Zealand
Auckland
Nelson
Wanganui**
Wellington

Nicaragua
Managua

Panama
Aguadulce
Panama City

Peru
Lima

Philippines
Manila**

Portugal
Lisbon

Puerto Rico
Las Piedras
Mayaguez

Singapore
Jurong**

South Africa
Dundee
Johannesburg**

Spain
Bilbao
Montornes
Tordesillas

Trinidad
Tunapuna

United Kingdom
Ashton-in-Makerfield
Corby
Fleetwood
Leicester
Lincoln
Liverpool
London
Paulsgrove
Peterlee
Welwyn Garden City
Winchester
Woodley

United States

Administration
East Hanover, New Jersey**
New York, New York**
Parsippany, New Jersey**

Cookies & Crackers
Atlanta, Georgia
Buena Park, California
Chicago, Illinois
Fair Lawn, New Jersey
Houston, Texas
Philadelphia, Pennsylvania
Pittsburgh, Pennsylvania
Portland, Oregon
Richmond, Virginia
St. Louis, Missouri

Desserts & Cake Mixes
Seville, Ohio

Confectionery
Cambridge, Massachusetts
Canajoharie, New York
Danville, Illinois
Everett, Massachusetts**
Franklin Park, Illinois
Holland, Michigan
Los Angeles, California
Mansfield, Massachusetts

Nut Products & Snacks
Bridgeview, Illinois
Chattanooga, Tennessee
Fort Smith, Arkansas
Suffolk, Virginia

Margarine
Denison, Texas
Indianapolis, Indiana
Oakland, California
Pennsauken, New Jersey

Pet Foods
Buffalo, New York
Denver, Colorado
Tualatin, Oregon

Research & Development
Fair Lawn, New Jersey
Wilton, Connecticut

Cereals
Minneapolis, Minnesota
Naperville, Illinois
Niagara Falls, New York
Oakland, California

Pimientos, Dates & Steamed Breads
Woodbury, Georgia

Cheese Spreads
Wrightstown, Wisconsin

Flour Mills
Buhler, Kansas
Carthage, Missouri
Cheney, Washington
Inman, Kansas
Toledo, Ohio

Boxboard Mill & Carton Printing
Beacon, New York
Marseilles, Illinois

Tobacco
Mayfield, Kentucky

Yeast, Vinegar & Other Products
Baltimore, Maryland
Brockport, New York
Charlotte, North Carolina
Chicago, Illinois
Los Angeles, California
Montebello, California
Montgomery, Alabama
Nixa, Missouri
Oakland, California
Peekskill, New York
St. Louis, Missouri**
Sumner, Washington

Uruguay
Montevideo

Venezuela
Barquisimeto*
Caracas*
La Victoria

West Germany
Schwerte**
Weseke

*Unconsolidated affiliate
**Leased facilities

Nabisco Brands Products

NABISCO BRANDS

U.S. Bakery Products

Crackers:

Better Cheddars Snack Thins
Cheese *Nips* Crackers
Chicken In A Biskit Flavored Crackers
Escort Crackers
Honey Maid Graham Crackers
Oysterettes Soup & Oyster Crackers
Premium Saltine Crackers
Ritz Crackers
Triscuit Wafers
Uneeda Biscuits
Waverly Crackers
Wheatsworth Stone Ground Wheat Crackers
Wheat Thins Snack Crackers

Cookies:

Almost Home Cookies
Barnum's Animal Crackers
Biscos Sugar Wafers
Cameo Creme Sandwiches
Chips Ahoy! Chocolate Chip Cookies
Fig Newtons Cookies
Heyday Caramel Peanut Logs
I Screams Sandwich Cookies
Lorna Doone Shortbread
Mallomars Chocolate Cakes
Nilla Wafers
Nutter Butter Peanut Butter Sandwich Cookies
Oreo Chocolate Sandwich Cookies
Party Grahams Cookies
Pinwheels Chocolate Cakes
Social Tea Biscuits

U.S. Confectionery Products

Baby Ruth Candy Bar
Breath Savers Sugarless Candy
Bubble Yum Bubble Gum
Butterfinger Candy Bar
*Care*Free* Sugarless Gum
Charleston Chew! Candy Bar
Chuckles Candy
Junior Mints Candy
Life Savers Hard-Roll Candy
Pearson Specialty Candy
Sugar Daddy Pop
Welch's Chocolate Covered Cherries

U.S. Grocery Products

Blue Bonnet Margarines
Chipsters Potato Snacks
Cream Of Wheat Cereals
Doo Dads Snacks
Dromedary Dates, Pimientos and Cake Mixes
Egg Beaters Cholesterol-Free Egg Substitute
Fleischmann's Margarines, Vinegar and Yeast
Fosters Lager Australian Beer
Home Hearth Yeast Bread Mixes
Milk-Bone Brand Dog Biscuits
Mister Salty Pretzels
Moosehead Canadian Beer
Nabisco 100% Bran Cereal
Nabisco Shredded Wheat Cereal
Planters Peanuts, Mixed Nuts, DeLuxe Mixed Nuts, Cashews and Sesame Nut Mix
Planters Cheez Balls, Cheez Curls, Corn Chips and Pretzels
Royal Gelatins and Puddings
Spoon Size Shredded Wheat Cereal
Team Flakes Cereal

Nabisco Brands Ltd (Canada)

Blue Bonnet Margarines
Bubble Yum and *Care*Free* Gums
Calona Wines
Chipits Baking Chips
Christie Cookies, Crackers and Snacks
Cream Of Wheat Cereals
Dad's Cookies
David Cookies
Dr. Ballard's Canned and Dry Dog Foods
Dickson's, Club and Melrose Food Service Coffees
Fleischmann's Margarines and Yeast
Life Savers Hard-Roll Candy
Lowney Candy Bars
Magic Baking Powder
McGuinness Spirits
Milk-Bone Brand Dog Biscuits
Miss Mew Canned Cat Food
Moirs Boxed Chocolates
Nabisco Cereals
Peek Freans Sweet and Savoury Biscuits
Planters Nuts
Reid Flours
Royal Desserts

International Nabisco Brands

United Kingdom:

Bendicks Confectionery
Big D Nuts
Granny Smiths Pastry, Bread and Cheese Cake Mixes
Hovis Crackers and Digestive Biscuits
Huntley & Palmer's Biscuits
Jacob's Club Countline
Nabisco Shredded Wheat Cereal
Peek Freans Sweet and Savoury Biscuits
Planters Nuts and Snack Products
Ritz Crackers
Royal Desserts, Gelatins and Cake Mixes
Smiths Crisps and Snack Products
Shreddies Cereal
Tea Time Sweet Biscuits
Trio Countlines, Biscuits, Mallows and Crackers
Walkers Crisps Snack Products

Continental Europe:

Ardilla Pastas and Cannelloni
Ati Herb Teas
Catari Pizza Mixes
Chipsters Potato Snacks
Cremerinos Biscuits and Wafers
Droste Chocolate Products
Feuillete Snack Crackers
Minizza Snack Crackers
Moulin de Jacobert Frozen Pastries
Oro Sweet Biscuits
Oxford Biscuits
Parisienne Pastry Cake
Pepito Chocolate-Covered Sweet Biscuits
Petits Coeurs Sweet Biscuits
Premium Saltine Crackers
Riera-Marsa Dry Baby Foods, Flour Mixes and Instant Mashed Potatoes
Ritz Crackers
Royal Desserts, Gelatins and Cake Mixes
Royal Linfa Soft Drinks
Supra Coffee
Van Nelle Coffee, Tea and Tobacco

Latin America:

Aurora Dessert Products
Bubble Yum Bubble Gum
Cameo Cream Sandwich Cookies
Fleischmann's Baking Products and Yeast
Gamesa Biscuits and Pasta
Gloria Powdered Milk
Life Savers Hard-Roll Candy
Oreo Chocolate Sandwich Cookies
Planters Nuts and Snack Products
Pommys Delicatessen Products
Ritz Crackers
Royal Baking Products
Royal Desserts and Drink Powders
Royalina Drink Powders
Sabueso Dog Biscuits
Sorbetto Sugar Wafers
Sultana Soda Crackers

Asia/Pacific:

Chicken In A Biskit Flavored Crackers
Chips Ahoy! Chocolate Chip Cookies
Chipstar Fabricated Potato Chips
Corn *Diggers* Snacks
Minties Candies
Parfait Soft Cake
Picola Crepe Cookies
Planters Nuts and Snack Products
Premium Saltine Crackers
Ritz Crackers
Royal Brand Products
Rum Slice Biscuits
Vita Brits Cereal
Weeties Cereal

NABISCO
BRANDS INC

Nabisco Brands Plaza
Parsippany, New Jersey 07054